



ROMANIAN PARLIAMENT

CHAMBER OF DEPUTIES

SENATE

LAW

**on statutory audits of annual accounts and consolidated accounts
and amending certain enactments**

Romanian Parliament hereby adopts this law.

TITLE I

Statutory audits of annual accounts and consolidated accounts

CHAPTER I

Subject matter and definitions

Art. 1 - Subject Matter

- (1) This title sets the rules for the statutory audit of annual accounts and consolidated accounts, in line with the Accountancy Law and the applicable national accounting regulations.
- (2) The provisions of art. 35(1), (4), (6), (7) and (10) do not apply to the statutory audit of annual accounts and consolidated accounts of public-interest entities unless the application is provided for in Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, published in the Official Journal of the European Union no. L 158 of 27 May 2014, hereinafter referred to as *Regulation (EU) No. 537/2014*.

Art. 2 - Definitions

For the purpose of this law, the following definitions shall apply:

1. „*Statutory audit*” means an audit of annual financial statements or consolidated financial statements in accordance with the international standards of auditing, for the purpose of Art. 32, in so far as:

a) it is required by the European Union law or national law;
b) it is voluntarily carried out on small-sized entities, and the audited accounts are made public, alongside with the statutory audit report, according to the law;

2. „*group auditor*” means the financial auditor or audit firm(s) carrying out the statutory audit of annual consolidated accounts;

3. „*third-country auditor*” means a natural person who is not registered as financial auditor in Romania, following the authorization given in accordance with Art. 3 and 66, or in any other Member State of the European Union/European Economic Area, and who performs audits of annual or consolidated accounts of a company incorporated in a third country;

4. „*financial auditor*” means the natural person that is certified to perform financial audit, in compliance with the provisions of this law by the Authority for the Public Oversight of the Statutory Audit Activity;

5. *financial audit* includes the statutory audit as defined in paragraph 1, as well as the activity performed in order to express an opinion on the accounts or the components hereof, and the pursuit of assurance engagements and professional services according to international audit standards and other relevant regulations;

6. *competent authority* means the Authority for the Public Oversight of the Statutory Audit Activity (further on referred to ASPAAS), as regulating authority in the field of statutory audit and oversight of financial auditors and audit firms. The reference to „competent authority” in any article means a reference to ASPAAS or any other competent authority from another Member State, responsible for the duties, tasks or powers stated in that article, as appropriate;

7. *CEAOB* means the Committee of European Auditing Oversight Bodies;

8. *management* means the executive management of an entity which is usually a management body different from the board of directors or the oversight board;

9. *cooperative* means a European Cooperative Society as defined in Article 1 of Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE), published in the Official Journal of the European Union no. L 207 of 18 August 2003, or any other cooperative for which a statutory audit is required under Community law, such as credit institutions as defined in Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast), published in the Official Journal of the European Union no. L 177 of 30 June 2006, and insurance undertakings within the meaning of Article 2(1) of the Council Directive 1991/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings, published in the Official Journal of the European Union no. L 374 of 31 December 1991;

10. *Entity affiliated to an audit firm* means any undertaking, regardless of its legal form, which is connected to an audit firm by means of common ownership, control or management;

11. *third-country audit entity* means an entity which is not registered as financial auditor in Romania, following the authorization given in accordance with Art. 3, or in any other Member State of the European Union/European Economic Area, and which performs audits of annual or consolidated accounts for a company incorporated in a third country;

12. *public-interest entities* refer to:

a) companies whose securities are admitted to trading on a regulated market;

b) credit institutions;

c) assurance, assurance-reinsurance and reinsurance undertakings;

d) non-bank financial institutions, defined according to legal regulations, entered into the General Business Register; payment institutions and electronic money institutions, as defined by law, which grant credits related to payment services and whose activity is limited to the provision of payment services, namely electronic money issuance and payment services; privately managed pension funds, voluntary pension funds and their administrators; financial investment services companies, investment management companies, collective investment undertakings, central depositaries, clearing houses, central counterparties and market/system operators authorized/certified by the Financial Supervisory Authority; national societies/companies; companies with full or majority state capital; autonomous enterprises;

13. *small entities* means entities defined as such according to the accounting regulations transposing the provisions of Art. 1(1) and Art. 3(2) of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, published in the Official Journal of the European Union no. L 182 of 29 June 2013;

14. *audit firm* means the legal person or any other entity, irrespective of its legal form, which is authorized by ASPAAS, according to the provisions of this law, to perform financial auditing.

15. *non-executive member* means a member of the board of directors or oversight board of an undertaking, or of a committee thus established by such a board and which does not hold any executive office within that undertaking;

16. *non-practitioner* means any natural person that, during its involvement in the governance of the public oversight system and during the period of three years immediately preceding that involvement has not carried out statutory audits, has not held voting rights in an audit firm, has not been a member of the administrative, management or supervisory body of an audit firm and has not been employed by, or otherwise associated with, that audit firm;

17. *key audit partner* means:

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

b) in the case of a group audit, the financial auditor designated by an audit firm as being primarily responsible for carrying out the statutory audit at the level of the group and the financial auditor designated as being primarily responsible at the level of material subsidiaries or other related structures; or

c) the financial auditor who signs the audit report.

18. *administrative penalty* means a pecuniary sanction and consists of ordering a financial auditor or an audit firm, guilty of a disciplinary misconduct related to a violation of statutory audit legislation, to pay an amount of money.

19. *disciplinary penalty* means a pecuniary sanction and consists of ordering the members of the Council of the Chamber of Financial Auditors of Romania, guilty of an administrative misconduct occurred while he/she was performing their duties, to pay an amount of money.

20. *audit report* means the document drawn up by the financial auditor that contains the elements set out in Art. 34;

21. *network* means a complex structure:

a) which is aimed at cooperation and to which a financial auditor or an audit firm belongs, and

b) which is clearly aimed at profit- or cost-sharing or shares common ownership, control or management, common quality-control policies and procedures, a business strategy, the use of a common brand-name or a significant part of professional resources;

22. *professional scepticism* means an attitude that includes a questioning attitude, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence;

23. *international accounting standards* means International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related Interpretations (SIC-IFRIC interpretations), subsequent amendments to those standards and related interpretations, and future standards and related interpretations issued or adopted by the International Accounting Standards Board (IASB);

24. *Member State* means a EU/EEA Member State;

25. *home Member State* means a Member State in which a financial auditor or audit firm is approved in accordance with Article 3(1);

26. *host Member State* means a Member State in which a financial auditor approved by the home Member State seeks to be also approved in accordance with Article 13 or a Member State in which an audit firm approved by its home Member State seeks to be registered or is registered in accordance with Article 4;

27. *third-country* means a country that does not have the quality of an EU/EEA Member State.

Chapter II Approval, continuing education and mutual recognition

Art. 3 Approval

(1) Statutory audit is carried out by financial auditors or by audit firms that have been approved in Romania in compliance with the provisions of this law, registered as members of the Chamber of Financial Auditors of Romania, hereinafter referred to as *CAFR*, in accordance with the law, and also registered in the Electronic Public Register mentioned under Art. 14, in line with the terms stipulated in this law and in ASPAAS regulations.

(2) The relevant authority in charge of approving financial auditors and audit firms is ASPAAS.

(3) ASPAAS approves as financial auditors only natural persons who satisfy the conditions laid down in articles 5 and 7-11.

(4) Financial auditors can carry out statutory audit on behalf of an audit firm or in their own name, as per the law.

(5) ASPAAS approves as audit firms only the entities which cumulatively meet the following conditions:

- a) The natural persons performing statutory audit on behalf of the audit firm must be approved as financial auditors in Romania, in compliance with this law;
- b) a majority of the voting rights in the audit firm must be held by audit firms approved in any Member State or by financial auditors approved in Romania;
- c) a majority of the members of the administrative or management body of the audit firm, not exceeding 75% however, must be audit firms approved in any Member State or financial auditors approved in Romania;
- d) where such an administrative or management body has no more than two members, one of them must be an audit firm authorized in any of the Member States or a financial auditor authorized in Romania;
- e) the audit firm must satisfy the conditions of good repute as established by ASPAAS under the provisions of Art.5.

(6) Financial auditors may request the withdrawal of the approval and they may regain it only once, without any prior examination, based on an interview, no later than five years from the approval of the withdrawal request.

(7) By order of the President of ASPAAS, regulations are approved regarding the approval of financial auditors and audit firms.

Art. 4 Recognition of audit firms from other Member States

(1) By way of derogation from Article 3 (1), an audit firm which is approved in a Member State shall be entitled to perform statutory audits in Romania provided that the key audit partner which carries out the statutory audit on behalf the audit firm is approved as financial auditor in Romania.

(2) An audit firm approved in another home Member State that wishes to carry out statutory audits in Romania shall register with the Electronic Public Register of Financial Auditors and Audit Firms, in compliance with Art. 14 and 16.

(3) ASPAAS shall register the audit firm if the latter proves that it is registered with the relevant authority in the home Member State. ASPAAS requires that the certificate proving the registration of the audit firm in the home Member State issued by the relevant authority in the respective state should not be more than 3 months old. ASPAAS shall inform the relevant authority in the home Member State of the registration of the audit firm in Romania.

Art. 5 Good repute

(1) ASPAAS shall approve only natural persons or firms of good repute.

(2) The good repute must take into consideration an adequate behavior, the compliance with the requirements of the Code of Ethics issued by IFAC and adopted by ASPAAS, hereinafter referred to as the *Code of Ethics*, as laid down in Art. 20 (1). The criteria defining good repute shall be established by ASPAAS.

Art. 6 Withdrawal of approval

(1) ASPAAS may withdraw the approval of a financial auditor or audit firm, under the conditions laid down in this law.

(2) The approval of a financial auditor or audit firm is withdrawn in case the good repute of that entity or firm has been seriously compromised.

(3) For the purpose of paragraph (2), the good repute of a financial auditor or audit firm has been seriously compromised if one of the above appears to be in one of the following situations:

- a) the relevant entity has been convicted of an offence committed intentionally;
- b) a preventive measure involving the deprivation or restriction of liberty has been taken in the course of criminal proceedings, situation in which investigations are carried out in respect of an offence committed intentionally;
- c) the natural person has been subjected to the complementary and/or incidental punishment regarding the interdiction to perform the financial audit activity;
- d) the relevant person has been enforced the safety measure by which he was banned from exercising the profession of financial auditor;
- e) the relevant person has been disciplinarily or administratively sanctioned by other Romanian or foreign institutions or bodies in the financial-accounting field for professional faults. The disciplinary or administrative penalties applied to the financial auditor by other Romanian or foreign authorities, institutions or bodies in the financial-accounting field include those penalties applied as a result of committing offences/deeds that are likely to prejudice the exercise of a professional activity;

- f) the relevant person has been subject to restrictions by Romanian or foreign authorities, institutions or bodies in the financial-accounting field in terms of carrying out activities in the financial-accounting field.

(4) Authorization of an audit firm shall be withdrawn if any of the conditions imposed in Article 3 para. (5) points (b) and (c) is no longer fulfilled and more than 3 months have passed since the time when any of those conditions were fulfilled.

(5) Where the approval of a financial auditor or of an audit firm is withdrawn for any reason, ASPAAS shall communicate that fact and the reasons for the withdrawal to the relevant competent authorities of the host Member States where the financial auditor or the audit firm is also registered in accordance with Article 4, article 15 para. (1) point (c) and Art. 167 para. (1) pt. (i).

Art. 7. Educational requirements

(1) Natural persons may be approved as financial auditors when they cumulatively fulfil the following conditions:

- a) they have graduated a higher education institution or have an equivalent diploma;
- b) they have completed a course of theoretical training organized or acknowledged by ASPAAS;
- c) they have undergone a practical training, according to the provisions in Art. 11;
- d) they have passed an examination of professional competence, organized or approved by ASPAAS.

(2) ASPAAS shall cooperate, on the basis of reciprocity, with a view to achieving a convergence of the requirements set out in this article with the other competent authorities in other Member States. When such cooperation is initiated, the statutory audit and auditor profession progresses shall be taken into account and, primarily, the convergence already achieved within this profession. ASPAAS shall cooperate with the *CEAOB* and the competent authorities referred to in Article 20 of Regulation (EU) No. 537/2014 in so far as such convergence relates to the statutory audit of public-interest entities.

Art. 8. Examination of professional competence

(1) ASPAAS shall organize the examination of professional competence.

(2) The examination of professional competence shall guarantee the necessary level of theoretical knowledge of subjects relevant to statutory audit and the ability to apply such knowledge in practice. The examination shall be written.

(3) By order of president of ASPAAS, it is determined how to organize and carry out the professional competence examination.

Art. 9. Test of theoretical knowledge

(1) The test of theoretical knowledge included in the examination shall cover the following subjects in particular:

- a) general accounting theory and principles;
- b) legal requirements and standards relating to the preparation of annual and consolidated accounts;

- c) international accounting standards;
- d) financial analysis;
- e) costs and management accounting;
- f) risk management and internal control;
- g) auditing and professional skills;
- h) legal and professional standards relating to statutory audit and financial auditors;
- i) international auditing standards as referred to in Article 32;
- j) professional ethics and independence.

(2) The test shall also cover the following subjects in the following fields and regulations, insofar as they are relevant to auditing:

- a) company law and corporate governance regulations;
- b) the law of insolvency and similar procedures;
- c) tax legislation;
- d) the Civil Code;
- e) social security law and the Labor Code;
- f) information technology and computer systems;
- g) public finance, general and business economics;
- h) mathematics and statistics;
- i) basic principles of financial management.

Art. 10 Exemptions

(1) By way of derogation from Art. 8 and 9, the holder of a Bachelor's degree, a Master's degree or a professional qualification in one or more of the subjects referred to in Art. 9 may be exempted from the test of theoretical knowledge included in the examination of professional competence, concerning the relevant areas, in case one or more of the subjects are covered by that degree.

(2) ASPAAS sets out the criteria underlying the conclusion of agreements or protocols on the application of the exceptions provided for in paragraph (1) with national or international higher education institutions or professional bodies.

Art. 11 Practical training

(1) In order to ensure the ability to apply in practice the theoretical knowledge whose testing is included in the examination of professional competence, a trainee shall complete a minimum of 3 years' practical training programme, which will include, among others, the auditing of annual or consolidated financial statements. The practical training shall be completed at a financial auditor authorized in Romania or in any other Member State or in an audit firm approved in any Member State.

(2) The quality of employee of a financial auditor or audit firm does not exempt the trainee from fulfilling the obligations above.

(3) ASPAAS regulates the conditions under which a financial auditor or an audit firm may provide guidance in the audit of annual accounts and annual consolidated accounts.

(4) Financial audit trainees may carry out their practical training by taking part in the audit of annual accounts or of consolidated annual accounts, shadowing a financial auditor who exercises their duty as freelancer or as employee of an audit firm. The financial auditor who

exercises their duty as freelancer or as employee of an audit firm, as the case may be, will issue an official document certifying the completion of the training.

(5) ASPAAS shall issue the rules for carrying out the practical training by trainees.

(6) Natural persons who cumulatively fulfill the following conditions shall be trainees in financial audit:

- a) they have graduated a higher education institution. The degree received at graduation must be acknowledged/compared by the Ministry of National Education;
- b) they have passed the test of financial-accounting knowledge for access to the practical training;
- c) they have a good repute, according to the provisions in Art. 5.

(7) ASPAAS establishes the areas to be tested in order to obtain the professional training.

Art. 12. Continuous professional training

(1) Financial auditors shall take part in appropriate programmes of continuous professional training in order to maintain their theoretical knowledge, professional skills and values at a sufficiently high level.

(2) ASPAAS shall organise the continuous professional training programs for financial auditors.

(3) The failure to comply with the continuous professional training requirements ASPAAS shall constitute administrative misconduct and shall be sanctioned according to the provisions laid down in Art.40 (6).

(4) By order of president ASPAAS, regulations concerning the application of this article shall be approved.

Art. 13. Approval of financial auditors from another Member State

(1) ASPAAS shall approve the financial auditors who have been approved in another Member State, according to the authorization procedure approved by order of president ASPAAS.

(2) The procedure under paragraph (1) shall not go beyond the requirement of passing an aptitude test, according to the provisions of Art. 26 (1) of Law no. 200/2004 on acknowledging the degrees and professional qualifications for the professions regulated in Romania, as subsequently amended and supplemented.

(3) The aptitude test shall be conducted in Romanian and shall include an adequate level of knowledge from the Romanian law, insofar as they are relevant for statutory audit.

(4) ASPAAS shall cooperate with the other oversight bodies in Member States, within the framework of the CEAOB, with a view to achieving a convergence of the requirements of the aptitude test. Through its activities, ASPAAS ensures that the requirements are predictable and transparent.

Chapter III Registration

Art. 14. The Electronic Public Register of Financial Auditors and Audit Firms

(1) ASPAAS is the competent authority in charge of drafting, updating and publishing the Electronic Public Register of Financial Auditors and Audit Firms, further on referred to as the *Electronic Public Register*.

(2) ASPAAS records in the Electronic Public Register, in compliance with the provisions of Art. 15 and 16, financial auditors and audit firms, members of CAFR.

(3) Financial auditors are recorded in two categories, active and non-active, based on their declaration on their own risk.

(4) Where the natural persons carry out their activity as freelancers, ASPAAS shall establish, by its own regulations, their registration conditions, in line with the requirements laid down in para. (2).

(5) In duly justified cases, at the request of the entities concerned, certain information from the Electronic Public Register is not made public. Duly justified cases are those situations where non-disclosure of information in the Electronic Public Register reduces an imminent and significant threat to a person's security.

(6) Each financial auditor and audit firm shall be identified in the Electronic Public Register by an individual number.

(7) The registration information on financial auditors and audit firms shall be kept in the Electronic Public Register, available to the public on the official ASPAAS website, pursuant to Art. 15 and 16.

(8) The Electronic Public Register shall also contain the name, address and contact details of ASPAAS.

(9) The information required by Art. 14 and 15 shall be published in its entirety, electronically. The Electronic Public Register shall be updated on a monthly basis.

(10) The persons who are not compatible with the exercise of the financial audit activity are non-active financial auditors.

(11) In duly justified cases, a financial auditor may request the suspension of his or her activity and may be exempted from the payment of membership fees for a period of no more than three consecutive years, under the terms set by ASPAAS. Duly justified cases are established by order issued by the ASPAAS President. The suspension shall be mentioned in the Electronic Public Register.

Art. 15. Registration of financial auditors

(1) The Electronic Public Register shall contain at least the following information on financial auditors:

- a) name, address and individual registration number;

b) name, address, website address, as the case may be, and registration number of the audit firms by which the financial auditor is employed, or with whom he or she is associated as a partner or otherwise, as appropriate;

c) information on all other registrations as financial auditor with the competent authorities of other Member States and/or third countries, including the names of the registration authorities, and, if applicable, the registration numbers.

(2) Third-country auditors registered in accordance with Art. 67 shall be clearly indicated in the Electronic Public Register as third-country auditors, in a distinct section, and not as financial auditors.

Art. 16. Registration of audit firms

(1) For each audit firm, the Electronic Public Register shall contain at least the following information:

- a) name, address and individual registration number;
- b) legal form;
- c) contact information, the main contact person and, where applicable, the website address;
- d) address of each office opened in Romania;
- e) name and registration number of all financial auditors, employed by or associated as partners or otherwise with the audit firm;
- f) names and business addresses of all owners and shareholders;
- g) names and business addresses of all members of the administrative or management body;
- h) the membership of a network and a list of the names and addresses of member firms and affiliates or an indication of the place where such information is publicly available, if applicable;
- i) information on all other registrations as audit firm with the competent authorities of other Member States and as audit entity with third countries, including the name and address of the registration authority, and, if applicable, the registration numbers;
- j) where applicable, whether the audit firm is registered pursuant to Article 4 (3).

(2) Third-country audit entities registered in accordance with Article 67 shall be clearly indicated in the Electronic Public Register as such, in a distinct section, and not as audit firms.

(3) In the application of the provisions laid down in Art. 14-16, regulations shall be approved by order issued by the President of ASPAAS.

Art. 17. Updating the registration information

(1) In case changes of the information contained in the Electronic Public Register occur, financial auditors and audit firms must notify the ASPAAS within 30 days since the date of their occurrence.

(2) The Electronic Public Register shall be updated after notification, without undue delay.

(3) Failure to notify changes, within the prescribed time-limit laid down in paragraph (1), may result in administrative penalties, pursuant to the provisions of this law. Force majeure cases shall be exempted from this provision.

Art. 18. Responsibility for registering information

(1) The information provided on the registration of financial auditors and audit firms, as well as the update of the information, in accordance with Art. 15-17 shall be signed by the financial auditor or by the legal representative of the audit firm.

(2) If the information shall be made available electronically, this may be done by means of electronic signature, in accordance with the republished Law no. 455/2001 on electronic signature.

Art. 19. Official presentation language

(1) Information shall be entered in the Electronic Public Register in Romanian.

(2) Publication in English of the information in the Electronic Public Register shall be established by order issued by the President of ASPAAS.

CHAPTER IV

Professional ethics, independence, objectivity, confidentiality and professional secrecy

Art. 20 . Professional ethics and professional scepticism

(1) All financial auditors and audit firms comply with the principles of professional ethics, covering at least their public-interest function, their integrity, objectivity, professional competence and due care, as defined by the Code of Ethics adopted by ASPAAS.

(2) The Code of Ethics is translated into Romanian and published by ASPAAS.

(3) In applying the provisions of paragraph (1), ASPAAS shall issue regulations for quality assurance review.

(4) The financial auditor or the audit firm shall maintain professional scepticism when performing an audit engagement, admitting the possibility of significant misrepresentations derived from facts or conduct which indicate irregularities, including frauds or errors, regardless of the auditor's or the audit firm's past experience on the fairness and integrity of the audited entity's management and of the persons charged with its governance.

(5) The financial auditor or the audit firm shall maintain professional scepticism, especially when reviewing management estimates relating to fair values, the impairment of assets, provisions, and future cash flow relevant to the entity's ability to continue as a going concern.

Art. 21 Independence and objectivity

(1) When carrying out a statutory audit, a financial auditor and/or an audit firm, as well as any natural person able to directly or indirectly influence the result of the statutory audit,

shall be independent of the audited entity and not involved in the decision-making of the audited entity, within the meaning of the Code of Ethics.

(2) Independence shall be required both during the period covered by the financial statements to be audited and the period when the statutory audit is carried out.

(3) A financial auditor or an audit firm shall take all reasonable steps to ensure that, when carrying out a statutory audit, his/her/its independence is not affected by any existing or potential conflict of interest or business or other direct or indirect relationship involving the financial auditor or the audit firm carrying out the audit and, where appropriate, its network, managers, auditors, employees, any other natural persons whose services are placed at the disposal or under the control of the financial auditor or the audit firm, or any person directly or indirectly linked to the financial auditor or the audit firm by control.

(4) The financial auditor or the audit firm shall not carry out a statutory audit if there is any threat of self-review, self-interest, advocacy, familiarity or intimidation as a result of financial, personal, business, employment or other relationships between:

- a) the financial auditor, the audit firm, its network, and any natural person in a position to influence the outcome of the statutory audit, and
- b) the audited entity,

as a result of which an objective, reasonable and informed third party, taking into account the safeguards applied, would conclude that the financial auditor's or the audit firm's independence is compromised.

(5) The statutory auditor, the audit firm, their key audit partners, their employees and any other natural persons whose services are at the disposal or under the control of the statutory auditor or the relevant audit firm and which are directly involved in activities of statutory audit, as well as the persons with which they have a close connection within the meaning of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council, and Directives 2003/124/EC, 2003/125/EC and 2004/72/EC of the Commission, published in the Official Journal of the European Union no. L 173 of 12 June 2014, must not hold, whatsoever, any financial instruments issued, guaranteed or otherwise endorsed by an audited entity within their area of statutory audit activities, other than interests owned indirectly through diversified collective investment schemes, including managed funds such as pension funds or life insurance; furthermore, they should not gain any material or direct benefits from them and should not make any transaction with them:

Art. 22. Documentation on threats to independence

(1) The financial auditor or the audit firm shall document, within the audit files, all significant threats to his, her or its independence as well as the safeguards applied to mitigate those threats.

(2) Within the meaning of para. (1), significant threats, including, but not limited to, may refer to issues such as:

- a) financial interests;

- b) loans and guarantees;
- c) business relations;
- d) family and personal relationships;
- e) employment with an audit client;
- f) temporary assignment of personnel;
- g) recent services provided to audit clients;
- h) holding a management or administrative position within the audit client;
- i) provision of non-assurance services to an audit client;
- j) reward and evaluation policies;
- k) gifts and hospitality;
- l) on-going or threatened litigation claims.

Art. 23 Measures for ensuring independence and objectivity

(1) Persons or firms mentioned under Art. 21 (5) shall not participate in or otherwise influence the outcome of a statutory audit of any particular audited entity if they:

- a) own financial instruments of the audited entity, other than interests owned indirectly through diversified collective investment schemes;
- b) own financial instruments of any entity related to an audited entity, the ownership of which may cause, or may be generally perceived as causing a conflict of interest, other than interests owned indirectly through diversified collective investment schemes;
- c) have had an employment, or a business or other relationship with that audited entity within the period referred in Art. 21 (2), that may cause, or may be generally perceived as causing a conflict of interest.

(2) Persons or firms referred to in Art. 21 (5) shall not solicit or accept pecuniary and non-pecuniary gifts or favors from the audited entity or any entity related to an audited entity unless an objective, reasonable and informed third party would consider the value thereof as trivial or inconsequential.

(3) If, during the period covered by the financial statements, an audited entity is acquired by, merges with, or acquires another entity, the financial auditor or the audit firm shall identify and evaluate any current or recent interests or relationships, including any non-audit services provided to that entity which, taking into account available safeguards, could compromise the auditor's independence and ability to continue with the statutory audit after the effective date of the merger or acquisition.

(4) As soon as possible, but no later than three months after the acknowledgment of the merger or acquisition, the financial auditor or the audit firm shall take all necessary steps to terminate any current interests or relationships that would compromise his, her or its independence and shall, where possible, adopt safeguards to mitigate any threat to independence arising from prior and current interests and relationships with the audited entities or any other entity associated with it.

Art. 24. Audited entities hiring former financial auditors or employees of financial auditors or audit firms

(1) Before the expiry of at least one year or, in the case of statutory audit on public interest entities, of at least two years from the termination of their activity as financial auditor or key-audit partner in the audit engagement, the financial auditor or the key audit partner who performs statutory audit on behalf of the audit firm shall not:

- a) take any key position in the management of the audited entity;
- b) become, as it may be the case, member in the audit committee of the audited entity or of a body with prerogatives equivalent to those of an audit committee;
- c) become non-executive member of the administrative body or of the body overseeing the audited entity.

(2) Employees and partners, other than key audit partners, of a financial auditor or of an audit firm who perform statutory audit, as well as any natural persons whose services are at the disposal or under the control of the respective financial auditor or of the audit firm, whenever such employees, partners or other natural persons are approved as financial auditors, may hold none of the positions mentioned under para (1), letters a), b) and c), before the expiry of a delay of at least one year since they were directly involved in the statutory audit engagement.

Art. 25 Preparation for the statutory audit and assessment of threats to independence

Before accepting or continuing an engagement for a statutory audit, a financial auditor or an audit firm shall assess and document the following:

- a) whether he, she or it complies with the requirements of Article 21;
- b) whether there are threats to his, her or its independence and the safeguards applied to mitigate the respective threats;
- c) whether he, she or it has the competent employees, time and resources needed in order to carry out the statutory audit in an appropriate manner;
- d) whether, in the case of an audit firm, the key audit partner is approved as financial auditor in Romania.

Art. 26 Confidentiality and professional secrecy

(1) All information and documents to which a financial auditor or audit firm has access when carrying out a statutory audit shall be protected by rules and policies issued by the financial auditor or the audit firm, in accordance with the specific national regulations and with the provisions of the Code of Ethics on confidentiality and professional secrecy.

(2) Confidentiality and professional secrecy rules relating to financial auditors or audit firms shall not prevent the enforcement of the provisions of this law or of Regulation (EU) No 537/2014;

(3) Where a financial auditor or an audit firm is replaced by another financial auditor or audit firm, the former financial auditor or audit firm shall provide the incoming financial

auditor or audit firm with access to all relevant information concerning the audited entity and the most recent audit of that entity.

(4) A financial auditor or an audit firm who has ceased to be engaged in a particular audit engagement, as well as the former financial auditor or audit firm shall remain subject to the provisions of paragraphs (1) and (2) with respect to that audit engagement.

(5) Where the financial auditor or audit firm carries out a statutory audit of an undertaking which is part of a group whose parent undertaking is situated in a third country, the confidentiality and professional secrecy rules referred to in paragraph 1 of this Article shall not prevent the transfer by the financial auditor or the audit firm of relevant documentation concerning the audit work performed to the group auditor situated in a third country if such documentation is necessary for the performance of the audit of consolidated financial statements of the parent undertaking.

(6) The financial auditor or audit firm that carries out the statutory audit of an undertaking which has issued securities in a third country or which is part of a group issuing statutory consolidated financial statements in a third country may only transfer the audit working papers or other documents relating to the audit of that entity that he, she or it holds to the competent authorities in the relevant third countries under the conditions set out in Article 70.

(7) The transfer of information to the group auditor situated in a third country shall comply with Law no. 677/2001 on the protection of individuals with regard to the processing of personal data and the free movement of such data, as subsequently amended and supplemented.

Art. 27. Independence and objectivity of the financial auditors carrying out the statutory audit on behalf of audit firms

ASPAAS ensures that, at the level of the audit firm, there are policies and procedures forbidding shareholders or associates of the audit firm, as well as members of the administrative, management and supervisory bodies of such a firm, or of an affiliated firm, to intervene in the execution of a statutory audit in any way which jeopardizes the independence and objectivity of the financial auditor who carries out the statutory audit on behalf of the audit firm.

Art. 28 Internal organization requirements

(1) A financial auditor or an audit firm shall comply with the following organizational requirements:

- a) an audit firm shall establish appropriate policies and procedures to ensure that its owners or shareholders, as well as the members of the administrative, management and supervisory bodies of the firm, or of an affiliate firm, do not intervene in the carrying-out of a statutory audit in any way which jeopardizes the independence and objectivity of the financial auditor who carries out the statutory audit on behalf of the audit firm;
- b) a financial auditor or an audit firm shall implement sound administrative and accounting procedures, internal quality control mechanisms, effective procedures for risk assessment, and effective control and safeguard arrangements for information processing systems, as

well as an effective control. Internal quality control mechanisms shall be designed to secure financial auditor's, as well as audit firm's compliance with decisions and procedures. Internal quality control mechanisms shall be designed to secure financial auditor's, as well as audit firm's compliance with decisions and procedures.

- c) a financial auditor or an audit firm shall establish appropriate policies and procedures to ensure that his, her or its employees and any other natural persons whose services are placed at his, her or its disposal or under his, her or its control, and who are directly involved in the statutory audit activities, have appropriate knowledge and experience for the duties assigned;
- d) a financial auditor or an audit firm shall establish appropriate policies and procedures to ensure that outsourcing of important audit functions is not undertaken in such a way as to impair the quality of the financial auditor's or the audit firm's internal quality control and the ability of the ASPAAS to supervise the financial auditor's or the audit firm's compliance with the obligations laid down in this law and, where applicable, in Regulation (EU) No. 537/2014;
- e) a financial auditor or an audit firm shall establish appropriate and effective organizational and administrative arrangements to prevent, identify, eliminate or manage and disclose any threats to their independence as referred to in articles 21, 24 and 25;
- f) a financial auditor or an audit firm shall establish appropriate policies and procedures for carrying out statutory audits, coaching, supervising and reviewing employees activities and organizing the structure of the audit file as referred to in Article 29 para. (9) - (12);
- g) a financial auditor or an audit firm shall establish an internal quality control system to ensure the quality of the statutory audit. The quality control system shall at least cover the policies and procedures described in point (f). In the case of an audit firm, responsibility for the internal quality control system shall lie with a financial auditor approved in Romania;
- h) a financial auditor or an audit firm shall use appropriate systems, resources and procedures to ensure continuity and regularity in carrying out his, her or its statutory audit activities;
- i) a financial auditor or an audit firm shall also establish appropriate and effective organizational and administrative arrangements for dealing with and recording incidents which have, or may have, serious consequences for the integrity of his, her or its statutory audit activities;
- j) a financial auditor or an audit firm shall have in place adequate remuneration policies, including profit-sharing policies, providing sufficient performance incentives to secure audit quality. The amount of revenues that the financial auditor or the audit firm derives from providing non-audit services to the audited entity shall not be included in the performance evaluation and remuneration of any person involved in or able to influence the carrying out of the audit;

k) a financial auditor or an audit firm shall monitor and evaluate the adequacy and effectiveness of his, her or its systems, internal quality control mechanisms and arrangements established in accordance with this law, and, where applicable, with Regulation (EU) No 537/2014 and take appropriate measures to address any potential flaws. The financial auditor or the audit firm shall in particular carry out an annual evaluation of the internal quality control system, referred to in point g). The financial auditor or the audit firm shall keep records of the findings of that evaluation and any proposed measures to modify the internal quality control system. The policies and procedures referred to in the first subparagraph shall be documented and communicated to the employees of the financial auditor or the audit firm. Any outsourcing of audit functions as referred to in point d) of this paragraph shall not affect the responsibility of the financial auditor or the audit firm towards the audited entity.

(2) The financial auditor or the audit firm shall take into consideration the scale and complexity of his, her or its activities when complying with the requirements set out in paragraph (1) of this Article.

(3) The financial auditor or the audit firm shall be able to demonstrate to ASPAAS that the policies and procedures designed to achieve such compliance are appropriate, given the scale and complexity of activities of the financial auditor or the audit firm.

Art. 29 Organization of audit work

(1) When the statutory audit is carried out by an audit firm, that audit firm designates at least one key audit partner. The audit firm shall provide the key audit partner(s) with sufficient resources and with personnel that have the necessary competence and capabilities to carry out his, her or its duties appropriately.

(2) Securing audit quality, independence and competence must be the main criteria when the audit firm selects the key audit partner(s) to be designated.

(3) The key audit partner(s) shall be actively involved in the carrying-out of the statutory audit.

(4) The financial auditor shall dedicate sufficient time to the engagement and shall assign sufficient resources to enable him or her to carry out his or her duties appropriately.

(5) The financial auditor or the audit firm shall keep records of any breaches of the provisions of this law and, where applicable, of Regulation (EU) No. 537/2014.

(6) The financial auditor and the audit firm shall keep records of any consequence of any breach, including the measures taken to address such breach and to modify their internal quality control system. They shall prepare an annual report containing an overview of any such measures taken and shall communicate that report internally.

(7) In case a financial auditor or an audit firm asks external experts for advice during an audit engagement, he, she or it shall keep the documents by means of which the request is made and the advice is received.

(8) A financial auditor or an audit firm shall maintain a client account record. Such record shall include the following data for each audit client:

- a) the name, the address and the place of business;
- b) in the case of an audit firm, the name(s) of the key audit partner(s);
- c) the fees charged for the statutory audit and the fees charged for other services in each fiscal year.

(9) A financial auditor or an audit firm shall create an audit file for each statutory audit.

(10) The financial auditor or the audit firm shall document at least the data recorded pursuant to Article 25 of this law and, where applicable, Articles 6 to 8 of Regulation (EU) No 537/2014.

(11) The financial auditor or the audit firm shall retain any other data and documents that are of importance in support of the report referred to in Article 34 of this law and where applicable, Articles 10 and 11 of Regulation (EU) No 537/2014 and for monitoring compliance with this law and other applicable legal requirements.

(12) The audit file shall be closed no later than 60 days after the date of signature of the audit report referred to in Article 34 of this Directive and, where applicable, Article 10 of Regulation (EU) No 537/2014.

(13) The financial auditor or the audit firm shall keep records of any complaints made in writing about the performance of the statutory audit.

(14) Financial auditors and audit firms which perform statutory audit shall provide annually, or whenever necessary, to ASPAAS a report on the activity of statutory audit including at least information similar to those provided under Art. 13 and 14 of Regulation (EU) No 537/2014, in compliance with the ASPAAS specific regulations.

(15) ASPAAS is entitled to request any information whatsoever from financial auditors and audit firms, regarding the way their legal obligations and duties are fulfilled during statutory audit, in compliance with the law.

(16) Non-compliance with the obligation under paragraphs (14) and (15) by financial auditors and audit firms is deemed disciplinary offense and is sanctioned in compliance with Art. 40 (4) (a) - (d).

(17) The recurrence of the disciplinary offense mentioned under paragraphs (14) and (15) is deemed serious disciplinary offense and is sanctioned with the suspension of the activity, in compliance with Art. 40 (4)(d).

Art. 30. Audit fees

ASPAAS issues regulations which provide that fees for statutory audits:

- a) are not influenced or determined by the provision of additional services to the audited entity;
- b) cannot be based on any form of conditionality, in accordance with the Code of Ethics.

Art. 31 Scope of the statutory audit

Without prejudice to the reporting requirements referred to in Article 34 of this law, and, where applicable, Articles 10 and 11 of Regulation (EU) No 537/2014, the scope of the statutory audit shall not include assurance on the future viability of the audited entity or on the efficiency or effectiveness with which the management or administrative body has conducted or will conduct the affairs of the entity.

Chapter V - International Auditing Standards and Audit Report

Art. 32 International Auditing Standards

(1) Financial auditors and audit firms shall carry out statutory audits in compliance with international auditing standards adopted by the European Commission in accordance with Art. 26 (3) of the Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, as subsequently amended and supplemented.

(2) International auditing standards shall be translated into Romanian and published by ASPAAS.

(3) ASPAAS can decide on the application of an auditing standard, procedures or requirements, as long as the European Commission has not adopted an international auditing standard relating to the same matter.

(4) For the purposes of paragraph (1), «*international auditing standards*» means International Standards on Auditing (ISAs), International Standard on Quality Control 1 (ISQC 1) and other related Standards issued by the International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB), in so far as they are relevant to the statutory audit.

Art. 33 Statutory audits of annual consolidated financial statements

(1) In the case of a statutory audit of the consolidated financial statements of a group of undertakings:

- a) the group auditor bears the full responsibility for the audit report referred to in Article 34 of this law and, where applicable, Article 10 of Regulation (EU) No 537/2014, as well as for the additional report to the audit committee as referred to in Article 11 of that Regulation, if applicable;
- b) the group auditor evaluates the audit work performed by any third-country auditor or financial auditor, as well as the third-country audit entity or audit firm for the purpose of performing the group audit, and provides evidence for the nature, timing and extent of the work performed by those auditors, including, where applicable, the group auditor's review of relevant parts of those auditors' audit documentation;

c) The group auditor reviews the audit work performed by third-country auditor(s) or financial auditor, as well as third-country audit entity or audit firm for the purpose of performing the group audit and provides evidence for it.

(2) The documentation is kept by the group auditor to allow ASPAAS to review the work of the group auditor.

(3) The group auditor may rely upon the results of the activity of the third-country auditor, the financial auditor, the third-country audit entity or the audit firm concerned, subject to their agreement for the transfer of the relevant documentation during the performance of the audit of consolidated financial statements.

(4) Where the group auditor is unable to comply with paragraph (1)(c), he, she or it shall take appropriate measures and inform ASPAAS. Such measures shall, as appropriate, include the performance of additional statutory audit activities at the relevant subsidiary or affiliate, either directly or by outsourcing such tasks.

(5) When performing a quality assurance review or a statutory audit of the consolidated financial statements of a group of undertakings, the group auditor shall, upon request, make available to the ASPAAS the relevant documentation concerning the audit work performed by the respective third-country auditors, audit entities, financial auditors or audit firms for the purpose of the performance of group audit, including any working papers relevant to the group audit.

(6) The ASPAAS may request additional documentation on the audit work performed by any financial auditor or audit firm for the purpose of the group audit from the relevant competent authorities pursuant to Article 58.

(7) Where a parent undertaking or a subsidiary of a group of undertakings is audited by one or more auditors, or one or more audit entities from a third country, the ASPAAS may request additional documentation on the audit work performed by any third-country auditors or third country audit entities from the relevant third-country authorities based on the cooperation agreements referred to in Article 70.

(8) By way of derogation from paragraph 7, in case a parent undertaking or a subsidiary of a group of undertakings is audited by one or more auditors, or one or more audit entities from a third country that has no cooperation agreement with the ASPAAS as referred to in Article 70, the group auditor shall, when requested, also be responsible for ensuring proper delivery of the additional documentation of the audit work performed by such third-country auditors or audit entities, including the working papers relevant to the performance of the group audit. In order to ensure such delivery, the group auditor shall keep a copy of such documentation, or alternatively agree with the third-country auditors or audit entities to be granted unrestricted access to such documentation upon request, or take any other appropriate action. If, for legal or other reasons, the audit working papers cannot be transferred from a third country to the group auditor, the group auditor includes in the retained documentation the proof that he or she has followed the appropriate procedures in order to gain access to the audit documentation. Where the restrictions have not been imposed by the legislation of the third

country concerned, the group auditor shall include evidence supporting the existence and nature of such impediment.

Art. 34 Statutory audit report

(1) The financial auditor(s) or the audit firm(s) shall present the results of the statutory audit in an audit report. The report shall be prepared in accordance with the requirements of the international standards adopted by the European Union or the ASPAAS, as it may be the case, in compliance with Art. 32.

(2) The audit report shall be in writing and shall include the following:

- a) the identification of the entity whose annual or consolidated financial statements are the subject of the statutory audit, by name, registered office and unique identification code; the identification of the annual or consolidated financial statements and the date and period for which they were drawn up and the identification of the financial reporting framework applied in their preparation;
- b) the description of the scope of the statutory audit which shall, as a minimum, identify the auditing standards in accordance with which the statutory audit was conducted;
- c) the auditor's opinion, which shall be either unqualified, qualified or an adverse opinion and shall state clearly the opinion of the financial auditor(s) or the audit firm(s) as to: whether the annual financial statements give a true and fair view in accordance with the relevant financial reporting framework; and where appropriate, whether the annual financial statements comply with legal applicable requirements.

If the financial auditor or the audit firm is unable to express an audit opinion, the report shall contain a disclaimer of opinion;

- d) any other matters to which the financial auditor or the audit firm draws attention by way of emphasis without modifying the audit opinion;
- e) the auditor's opinion on the compliance of the management report with the financial statements for the same fiscal year; and preparing the management report in line with the applicable legal provisions;
- f) a statement on identification of material inaccurate information stated in the directors' report, indicating the nature of the inaccurate information.
- g) a statement on any material uncertainty relating to events or conditions that may cast significant doubt about the entity's ability to continue as a going concern;
- h) an indication on the place of establishment of the financial auditor or the audit firm.

(3) Where the statutory audit was carried out by more than one financial auditor or audit firm, the financial auditor or the audit firm shall agree on the results of the statutory audit and submit a joint report and opinion. In the case of disagreement, each financial auditor or audit firm shall submit his, her or its opinion in a separate paragraph of the audit report and shall state the reason for the disagreement.

(4) The audit report shall be signed and dated by the financial auditor. Where an audit firm carries out the statutory audit, the audit report shall bear the signature of at least the

financial auditor(s) carrying out the statutory audit on behalf of the audit firm. Where more than one financial auditor or audit firm have been simultaneously engaged, the audit report shall be signed by all financial auditors or at least by the financial auditors carrying out the statutory audit on behalf of every audit firm.

(5) The financial auditor signing the statutory audit report on their own behalf or on behalf of an audit firm must have the status of active financial auditor.

(6) In exceptional circumstances, the regulations issued by ASPAAS may provide that such signature need not be disclosed to the public, if such disclosure could lead to an imminent and significant threat to the personal security of any person. In any event, the name of the person involved shall be known to the relevant oversight or judicial authorities.

(7) The report of the financial auditor or the audit firm on the consolidated financial statements shall comply with the requirements set out in paragraphs (1)-(6). In reporting on the consistency of the management report and the financial statements as required by point (e) of paragraph 2, the financial auditor or the audit firm shall consider the consolidated financial statements and the consolidated management report. A single audit report may be issued where the annual financial statements of the parent undertaking are attached to the consolidated financial statements.

Chapter VI Quality Assurance

Art. 35 Quality Assurance Systems

(1) All financial auditors and audit firms are subject to a system of quality assurance which meets at least the criteria provided under paragraph (4).

(2) ASPAAS shall undertake the quality assurance reviews of financial auditors and audit firms, in applying the provisions of this law.

(3) In order to assess the quality control system of the financial auditor or audit firm, as well as their compliance with the professional ethics requirements, quality assurance inspections may be carried out in relation to other financial audit engagements the financial auditor or the audit firm have carried out at the statutory audit client, within the period under audit, other than statutory audit engagements.

(4) The criteria to be complied with in relation to quality assurance are the following:

- a) the quality assurance system shall be organized in such a manner that it is independent of the reviewed financial auditors and audit firms and subject to public oversight;
- b) the funding for the quality assurance system shall be secure and free from any possible undue influence by financial auditors or audit firms;
- c) the quality assurance system shall have adequate resources;
- d) the persons who carry out quality assurance reviews shall have appropriate professional education and relevant experience in statutory audit, financial reporting and specific professional training on quality reviews related to statutory audit;

- e) the selection of quality assurance reviewers shall be effected in accordance with an objective procedure designed to ensure that there are no conflicts of interest between the reviewers and the financial auditor or audit firm under quality review;
- f) the scope of the quality assurance review, supported by adequate testing of selected audit files, shall include an assessment of compliance with applicable auditing standards and independence requirements, of the quantity and quality of resources spent, of the audit fees charged and of the internal quality control system of the audit firm;
- g) quality assurance reviews shall be the subject of a report which shall contain the main conclusions of the quality assurance review;
- h) quality assurance reviews shall take place on the basis of an analysis of the risk and, in the case of financial auditors and audit firms carrying out statutory audits as defined in point 1 of Article 2, at least every six years;
- i) a summary of the results of the quality reviews shall be published annually on the ASPAAS website. Audit fees are not subject to publication;
- j) recommendations of quality reviews shall be followed up by the financial auditor or audit firm within the deadline established by the ASPAAS reviewers, but which cannot exceed 12 months.
- k) quality assurance reviews shall be appropriate and proportionate in view of the scale and complexity of the activity of the reviewed financial auditor or audit firm.

(5) If the recommendations referred to in point (j) or Art. 26(8)(2) of Regulation (EU) no. 537/2014 are not followed up, the financial auditor or audit firm shall, if applicable, be subject to the measures mentioned under Art. 39(1) of this law or to the disciplinary penalties referred to in Art. 40(4) of this law.

(6) For the purpose of point (e) of paragraph 4, at least the following criteria shall apply to the selection of reviewers:

- a) reviewers shall have at least 7 years' experience as active auditors in statutory audit, of which at least 3 years in public-interest entities;
- b) a person shall not be allowed to act as a reviewer in a quality assurance review of a financial auditor or an audit firm until at least three years have elapsed since that person ceased to be a partner or an employee of, or otherwise associated with, that financial auditor or audit firm;
- c) reviewers shall declare that there are no conflicts of interest between them and the financial auditor and the audit firm to be reviewed.

(7) For the purpose of point (k) of paragraph 4, when undertaking quality assurance reviews of the statutory audits of annual or consolidated financial statements of medium-sized and small undertakings, reviewers shall take account that the auditing standards adopted in accordance with Article 32 are applied depending on the complexity of the business of the audited entity.

(8) In view of the quality assurance review or any other possible investigation, the audit file can be requested at the headquarters of the financial auditor or audit firm or at the offices of ASPAAS.

(9) ASPAAS issues rules and procedures related to quality review on statutory audit, in order to enforce the provisions of this law.

(10) In applying the provisions of para. 6, ASPAAS establishes, through its organization and functioning rules, the specific criteria for hiring reviewers.

(11) The Regulation on the organization and functioning of ASPAAS establishes the selection criteria for financial auditors and audit firm performing statutory audit where quality assurance reviews will be carried out.

Chapter VII - Investigations and sanctions

Art. 36 Systems of investigations and sanctions

(1) ASPAAS is responsible for establishing and implementing an effective system of investigations and sanctions to detect, correct and prevent inadequate execution of the statutory audit.

(2) ASPAAS exercises its investigative or sanctioning powers in line with this law and national law, in any of the following ways:

- a) directly;
- b) in collaboration with other authorities;
- c) by notifying the competent judicial authorities.

Art. 37 Penalties for financial auditors and audit firms

(1) Penalties for financial auditors and audit firms, where statutory audit is not carried out in line with the provisions of this law, other statutory audit regulations and, where applicable, Regulation (EU) no. 537/2014, should be effective, proportionate and dissuasive.

(2) Penalties imposed shall not prejudice the rules governing civil liability.

(3) In applying the provisions of this law, ASPAAS issues review rules and procedures approved by order of the President of ASPAAS. ASPAAS shall notify the European Commission of the rules referred to in para. (3). ASPAAS shall notify the European Commission without delay of any subsequent amendment to these rules.

Art. 38 Civil liability

The civil liability of financial auditors or audit firm may be relied upon, under civil law, in case of damages caused due to breach of professional obligations.

Art. 39 Administrative measures

(1) In the event that the default on complying with the provisions of this law, of other regulations in the area of statutory audit or, if applicable, of Regulation (EU) no. 537/2014 is

noticed, ASPAAS may issue, before the initiation of the disciplinary procedure, a written recommendation in the attention of the financial auditors or of the audit firms, by means of which ASPAAS request them to terminate the respective behavior and to refrain from repeating it.

(2) ASPAAS may issue a statement according to which the statutory audit report does not comply with the requirements of Art. 34 (2) of this law, or, if applicable, of Regulation (EU) no. 537/2014, which is to be published on ASPAAS's website.

(3) The situations where the measures provided for in this Article apply shall be established by order of the President of ASPAAS.

Art. 40 Disciplinary liability

(1) The financial auditor and audit firms shall be liable for disciplinary actions in the event of breaching professional duties.

(2) The disciplinary offense consists of an action or failure to act breaching the provisions of this law, the statutory audit regulations approved under this law or, as the case may be, of Regulation (EU) no. 537/2014.

(3) The procedure for finding disciplinary offenses, as well as the way in which the disciplinary procedure is to be carried out is included in the Regulation of the Disciplinary Commission of ASPAAS.

(4) Following the disciplinary procedure, ASPAAS shall apply to financial auditors and audit firms one or more of the following penalties:

a) a public statement which indicates the person responsible and the nature of the breach, published on the official website of ASPAAS;

b) for financial auditors, a disciplinary penalty consisting of between 2 to 6 gross national minimum wages;

c) for audit firms, a disciplinary penalty consisting of between 0.5% to 2.5% of the annual turnover in connection to statutory audit;

d) a temporary prohibition, between one to three years, banning the financial auditor, audit firm or key audit partner to perform financial audit and/or sign statutory audit reports;

e) the withdrawal of authorization, accompanied by the loss of financial auditor membership, for natural persons;

f) a temporary ban of up to 3 years for a member of the audit firm or a member of the administrative or management body of a public-interest entity to perform duties at the audit firms or public-interest entities.

(5) If the financial auditor is convicted by a final judgment for criminal acts related to the exercise of the financial audit activity or is subject to a complementary punishment banning the performance of such activity or the safety measure to exercise this activity is taken, a copy of the ASPAAS court decision is communicated in order to withdraw the authorization and remove his/her name from the Electronic Public Register. ASPAAS supervises the performance of the criminal proceedings against statutory auditors.

(6) The following deeds perpetrated by financial auditors or audit firms are deemed serious offences and are sanctioned in compliance with para. 4, points d) or e):

- a) default on implementing or inappropriate implementation of the provisions of Art. 28 para. 1, points a)- g) and k);
- b) violation of the professional ethics principles;
- c) lack of audit evidence to support the conclusions based on which the audit opinion was issued;

Art. 41 Application of sanctions

(1) In the application of the measures under Art. 39 or the sanctions under Art. 40(4), all relevant circumstances shall be taken into account, including where appropriate:

- a) severity and duration of the breach;
- b) degree of accountability of the responsible person, in relation to his or her duties;
- c) the amount of the profits gained or losses avoided by the responsible person, in so far as they can be determined, in connection with the assignment leading to the applicable sanction;
- d) the level of cooperation of the responsible person with the ASPAAS;
- e) previous transgressions in terms of financial audit legislation by the responsible financial auditor or audit firm.

(2) ASPAAS may also take other factors into consideration, if they are stipulated in national law.

Art. 42 Publication of sanctions and prevention measures

(1) ASPAAS shall publish on its official website, after all rights of appeal have been exhausted or have expired, information on the type and nature of the breach and the identity of the natural or legal person on whom the sanction has been imposed and has remained final.

(2) The sanctioning act shall also comprise provisions on the way in which it is going to be published.

(3) By way of derogation from para. (1), ASPAAS shall publish a sanction imposed, on an anonymous basis, and in a manner which is in compliance with national law, in any of the following circumstances:

- a) where, in the event that the sanction is imposed on a natural person, publication of personal data by an obligatory prior assessment of the proportionality of such publication;
- b) where publication would jeopardize the stability of financial markets or an ongoing criminal investigation;
- c) where publication would cause disproportionate damage to the institutions or individuals involved.

(4) ASPAAS ensures that the information published under paragraph (1) remains on its website for a period of 5 years after all rights of appeal have been exhausted or have expired.

(5) The publication of sanctions and measures and of any public statement shall observe the fundamental rights as laid down in the Charter of Fundamental Rights of the European Union, in particular the right to respect for private and family life and the right to the protection of personal data. ASPAAS may decide that such publication or any public statement is not to contain personal data within the meaning of Art. 3(a) of Law no. 677/2001 as subsequently amended and supplemented.

Art. 43 Administrative liability for the CAFR's board structures

(1) The members of the Council of the Chamber of Financial Auditors of Romania and other elected members or who hold a position in the CAFR's board structures shall be liable for administrative or disciplinary breaches committed in the execution of their duties and prerogatives.

(2) ASPAAS shall impose the following administrative sanctions to the persons mentioned in paragraph (1):

- a) written warning;
- b) administrative penalty consisting of between 1 to 12 gross national minimum wages;
- c) temporary suspension from office for a period of 6 months to one year.

(3) Where the president of the Chamber of Financial Auditors of Romania is suspended, an interim president shall be appointed in compliance with CAFR's specific regulations.

(4) The administrative and disciplinary breaches for which administrative sanctions are to be applied, as laid down in para. 2, are as follows:

- a) breach of the duties and tasks as stated in Art. 52;
- b) non-compliance with the applicable legislation for any of the activities delegated according to Art. 52.

(5) ASPAAS shall publish on its official website the administrative sanctions applied according to this article, remained final after all rights of appeal have been exhausted or have expired.

(6) The sanctions published according to paragraph (5) shall be kept on the ASPAAS website for a period of 1 year since publishing date.

(7) Administrative sanctions laid down in para. (2) shall be applied within 3 years since the deed has been committed.

(8) ASPAAS establishes the procedure for finding the breaches, as well as the rules for the application of the administrative and disciplinary sanctions.

(9) The amounts related to the sanctions provided in para. (2)(b) and Art. 40(4)(b) and (c) represent revenue for the State budget.

Art. 44 Civil liability

(1) The following deeds shall be deemed to represent administrative infringements:

- a) the infringement by any person mentioned in Art. 21 para. (5), Art. 23, para. 24 și Art. 40 para.(9) of the prohibitions mentioned in these articles;
- b) the failure to comply with Art. 62(2), Art. 65 (1) and (7) by the audited entities;
- c) the exercise of financial audits in the absence of an annual visa issued by the competent authority;
- d) the exercise of financial audits by persons having passed the examination of professional competence but not yet registered in the Electronic Public Register provided for in Art. 14.
- e) the infringement by the audited entity or the financial auditor or the audit firm, as applicable, of provisions laid down in Art, 63 (3).

(2) The infringements laid down in para. (1) shall be sanctioned as follows:

- a) those referred to in (a), (c), (d) and (e) with an administrative pecuniary sanction ranging from RON 10,000 to RON 20,000;
- b) those referred to in (b) with an administrative pecuniary sanction ranging from RON 50,000 to RON 100,000;

(3) The finding of infringements and the application of pecuniary sanctions shall be made by the persons established by order of the ASPAAS President.

(4) The pecuniary sanctions laid down in para. (1) are subject to the provisions of the Government Ordinance no. 2/2001 on the legal system of pecuniary sanctions, approved with amendments and supplements by the Law no. 180/2002, as subsequently amended and supplemented.

(5) Administrative pecuniary sanctions laid down in para. (1) shall be time-barred within 3 years from the date of the relevant offense.

Art. 45 Criminal liability

(1) The exercise of financial audits without the right to do so shall constitute criminal offence and shall be punishable in accordance with the criminal law.

Art. 46 Rights of appeal

(1) The orders of the President of ASPAAS, as well as any other administrative deed issued by ASPAAS may be subject to the right of appeal to the relevant administrative court, provided that a prior claim was submitted and in accordance with the other provisions of the Administrative Litigation Law no. 554/2004, as subsequently amended and supplemented.

(2) The minutes regarding the administrative pecuniary sanctions prepared by the ASPAAS duly empowered personnel can be appealed pursuant to the provisions of Government Ordinance no. 2/2001, as subsequently amended and supplemented.

Art. 47 Reporting of breaches

(1) By order of the President of ASPAAS, regulations are approved to ensure that effective mechanisms are established to encourage whistleblowers to alert ASPAAS to possible

infringement of this legal act, of Regulation (EU) no. 537/2014 or of any other regulations applicable to statutory audits.

(2) The mechanisms referred to in paragraph 1 shall include at least:

- a) specific procedures for the receipt of reports of breaches of any regulations applicable to statutory audit, as well as their follow-up on the resolution of that specific report;
- b) protection of personal data concerning both the person who reports the suspected or actual breach and the person who is suspected of committing, or who has allegedly committed that breach, in compliance with the principles laid down in Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, published in the Official Journal of the European Union no. L 281 of 23 November 1995;
- c) appropriate procedures to ensure the right of the accused person to a defence and to be heard before the adoption of a decision concerning him or her, and the right to seek an effective remedy before a tribunal against any decision or measure concerning him or her.

(3) ASPAAS shall ensure that audit firms establish appropriate procedures for their employees to report potential or actual breaches of the provisions of this law and of the Regulation (EU) no 537/2014.

Art. 48 Exchange of information

(1) Every year, ASPAAS shall provide CEAOB (Committee of European Auditing Oversight Bodies) with aggregated information regarding all measures and sanctions imposed in accordance with this chapter.

(2) ASPAAS shall immediately communicate to CEAOB all temporary prohibitions referred to in Article 40(4)(d) and (f) after all rights of appeal to the administration sanction have been exhausted or have expired, according to national law.

Chapter VIII Public Oversight and Regulatory Arrangements between Member States

Art. 49 Principles of public oversight

(1) ASPAAS is responsible for the public oversight of financial auditors and audit firms and for the organization of an effective public oversight system, based on the principles set out in paragraphs (2)-(4) and Articles 50-55.

(2) All financial auditors and audit firms shall be subject to public oversight.

(3) The President of ASPAAS, as well as the members of the ASPAAS Superior Council are non-practitioners who are knowledgeable in the areas relevant to statutory audit. The members of the ASPAAS Superior Council shall be selected in accordance with an independent and transparent nomination procedure.

(4) ASPAAS may employ practitioners to carry out specific tasks and may also be assisted by experts when this is essential for the proper fulfillment of its tasks. In such instances, both the practitioners and the experts shall not be involved in any decision-making of the ASPAAS.

Art. 50 Ultimate responsibility

(1) Where tasks are being delegated, in accordance with Art. 52, the ASPAAS shall take the ultimate responsibility for:

- a) the approval and registration of financial auditors and audit firms;
- b) the adoption of standards of auditing, professional ethics and internal quality control related to financial auditors and audit firms;
- c) continuous professional development;
- d) quality assurance systems;
- e) investigative and disciplinary systems.

Art. 51 Competent authority

(1) ASPAAS is the competent authority to carry out the tasks provided for in this legal act. The Ministry of Public Finance shall notify the European Commission about the designation of the ASPAAS as the competent authority.

(2) ASPAAS has the required competencies to exercise the duties and responsibilities under this law.

(3) ASPAAS shall exercise its powers in accordance with the legal provisions on the protection of individuals with regard to the processing of personal data.

Art. 52 Delegation of tasks and the conditions to delegate tasks

(1) By order of the President, ASPAAS may entirely or partly delegate to CAFR, any of the following tasks, under this law:

- a) approval as financial auditors of natural persons, as stipulated under Art. 3 para. (3);
- b) approval as audit firms of entities, as stipulated under Art. 3 para. (5);
- c) registration of audit firms that are authorized in another Member State, as stipulated under Art. 4 para. (2) and (3);
- d) withdrawal of the license of a statutory financial auditor or of an audit firm, as stipulated under Art. 3 para (6) and under Art. 6 para (4);
- e) organization of the professional competence exam, as stipulated under Art. 8 para. (1);
- f) schedule of the test verifying the knowledge to adhere to the internship, as well as the verification on the development of the professional training programme, as per Art. 11;
- g) organization of the continuous professional development programmes, as stipulated under Art. 12 para. (2);
- h) authorization of those financial auditors who have been licensed in another EU/EEA Member State, as stipulated under Art. 13 para.(1);

- i) registration of financial auditors and audit firms in the Electronic Public Register, as stipulated under Art. 14 (2), (5) and (7);
- j) update of information included in the Electronic Public Register, as stipulated under Art. 17 para. (2);
- k) translation and publication of the Code of Ethics, as stipulated under Art. 20 para. (2);
- l) translation and publication of the International Standards on Audit, as stipulated under Art. 32 para. (2);
- m) ensuring that financial auditors and audit firms comply with the professional ethics principles, as stipulated under Art. 20 para. (1);
- n) quality assurance reviews at financial auditors and audit firms which perform statutory audit at non-public interest entities.

(2) The delegation stipulated under para. (1) is done in compliance with the provisions of Art. 24 of EU Regulation no. 537/2014.

(3) The order of the President of ASPAAS on the renewal of delegation of any task to the CAFR shall be based on an assessment of the operational capacity of CAFR and of its fulfilment of the tasks previously delegated.

(4) Any of the tasks mentioned under para. (1) may be delegated for a period of up to five years, with the possibility of renewal as per para. (3).

(5) When ASPAAS delegates one or more tasks to the CAFR, in compliance with para. (1), ASPAAS shall be entitled to the effective and permanent control related to their fulfilment.

(6) When exercising their prerogatives, ASPAAS is entitled to ask CAFR any information deemed useful to meet the objectives related to the delegated or overseen activities.

(7) The delegation order by the President of ASPAAS shall specify the delegated tasks, as well as the conditions under which they are to be fulfilled.

(8) The delegation of one or more tasks stipulated under para. (1) may be carried out in compliance with the following minimum conditions:

- a) CAFR shall report annually, or every time ASPAAS considers it necessary, on the way it carries out the delegated tasks or prerogatives;
- b) the ASPAAS personnel overseeing and controlling the way CAFR carries out the delegated tasks or prerogatives will be provided with good working conditions, including with access to information and communication with CAFR employees;
- c) the regulations in the delegated domain will be implemented as such;
- d) permanent cooperation with ASPAAS will be provided;
- e) ASPAAS recommendations will be implemented;
- f) ASPAAS may set specific delegation conditions through regulations, depending on the delegated tasks.

(9) In case ASPAAS regains one or more tasks delegated to CAFR regarding the organization of the professional competence examination, as stipulated under Art. 8 para. 1, or the verification of the development of the practical traineeships, as stipulated under Art. 11(1), if

applicable, those tests included in the professional competence examination already passed by trainees in statutory audit until the moment when ASPAAS takes over the task will be recognized, as well as the training years graduated within the delegation period.

(10) By order of the President of ASPAAS, regulations on the oversight and control on the fulfillment of delegated tasks are approved.

Art. 53 Withdrawal of delegation

(1) ASPAAS may withdraw the delegation of one or more tasks laid down in Art. 51 para. (1), in any of the following cases:

- a) breach of the delegation conditions;
- b) failure to comply with, delayed or flawed fulfillment by the CAFR of/with any of the delegated tasks;
- c) in any other cases provided by law.

(2) The order by the President of ASPAAS shall approve the procedure on withdrawal of delegated tasks.

(3) Before the delegation is withdrawn, ASPAAS shall grant a remedial action delay for the identified irregularities between 30 to 120 days from the date the findings are communicated to CAFR. If the irregularities are not remedied within the established delay, the provisions of paragraph (1) on the withdrawal of the delegation shall apply.

Art. 54 Investigative Competence

(1) ASPAAS shall have the right to initiate and conduct investigations in connection to financial auditors and audit firms and the right to take appropriate action, as applicable.

(2) When ASPAAS engages experts to carry out specific assignments, it shall ensure that there are no conflicts of interest between those experts and the financial auditor or the audit firm in question, as well as between the experts and ASPAAS or CAFR . The selection criteria for experts should be the same as those stipulated under Art. 35 para. 6 points a) and c).

Art. 55 Funding principles and transparency assurance

(1) ASPAAS should be adequately funded and shall have adequate resources to initiate and conduct investigations, as referred to under Art. 51, para. (2) and Art. 54.

(2) ASPAAS funding should be secure and without any undue influence from financial auditors or audit firm.

(3) In order to ensure the transparency of the activity, the annual work programme and the annual activity report of ASPAAS shall be published on their official website.

Art. 56 Cooperation between public oversight systems at the European Union level

(1) Regulatory arrangements concluded with public oversight systems in other EU/EEA Member States shall permit the effective cooperation in respect of the activity of public oversight on statutory audit.

(2) ASPAAS is the authority responsible for ensuring the effective cooperation at the European Community level in respect of public oversight on statutory audit.

Art. 57 Mutual recognition of regulatory arrangements between Member States

(1) As regards public regulation and oversight, regulatory arrangements concluded with other EU/EEA Member States shall respect the principle of home-country regulation by the Member State in which the financial auditor or audit firm is approved and the audited entity has its registered office.

(2) Without prejudice to para. (1), audit firms approved in one Member State that perform audit services in Romania, pursuant to Article 4, shall be subject to quality assurance review in the home Member State and oversight of ASPAAS for the statutory audit engagements carried out in Romania.

(3) The audit engagements carried out by Romanian audit firms in another Member State shall be subject to the oversight of the competent body in the respective host Member State.

(4) In the case of a statutory audit of consolidated financial statements, Romanian authorities requiring the statutory audit of the consolidated financial statements may not impose the financial auditor or audit firm carrying out the statutory audit of a subsidiary established in another EU/EEA Member State additional requirements concerning registration, quality assurance review, auditing standards, professional ethics and independence.

(5) In the case of companies with registered offices in another EU/EEA Member State, whose securities are traded on a regulated market in Romania, Romanian authorities may not impose the financial auditor or audit firm carrying out the audit of annual or consolidate financial statements of that company, any additional requirements concerning registration, quality assurance reviews, auditing standards, professional ethics and independence.

(6) A financial auditor or audit firm is subject to oversight, quality assurance, investigations and sanctions systems in Romania, if:

- a) the financial auditor or audit firm is registered in Romania as a consequence of approval in accordance with Article 3 or Article 66 and
- b) the financial auditor or audit firm provides audit reports concerning annual financial statements or consolidated financial statements on a regulated market in Romania, as referred to in Article 67 para. (1).

Art. 58 Professional secrecy and regulatory cooperation between Member States

(1) ASPAAS shall cooperate with:

- a) the competent authorities in other Member States responsible for approval, registration, quality assurance, inspection and discipline;
- b) competent authorities established pursuant to Article 20 of the Regulation (EU) no 537/2014 and
- c) relevant European oversight authorities, whenever necessary for the purpose of carrying out their responsibilities and tasks under this law and the Regulation (EU) no 537/2014.

(2) ASPAAS shall render assistance to competent authorities in other Member States and relevant European oversight authorities. In particular, ASPAAS shall exchange information and cooperate in investigations related to the carrying-out of statutory audits.

(3) The obligation of professional secrecy shall apply to all persons who are employed or who have been employed or appointed by ASPAAS, as well as to collaborators. Information covered by professional secrecy may not be disclosed to any other person or authority except by virtue of the law.

(4) The provisions in para. (3) shall not prevent the Authority for the Oversight of the Accountancy Profession and the Chamber of Financial Auditors of Romania from exchanging confidential information. In this situation, the provisions of para. 3 are applicable, as appropriate, to CAFR.

Art. 59 Exchange of information

(1) The provisions of Art. 58 para. (3) shall not prevent competent authorities from exchanging confidential information. Information thus exchanged shall be covered by the obligation of professional secrecy, to which persons employed or formerly employed by competent authorities are subject. The obligation of professional secrecy shall also apply to every person employed or formerly employed by the CAFR, insofar as ASPAAS delegated tasks for the purpose of this law.

(2) ASPAAS shall, upon request, and without undue delay, provide any information required for the purpose referred to in Art.58 para. (1) and (2). When ASPAAS receives such a request, it shall, without undue delay, take the necessary measures to gather the required information. Information thus supplied shall be covered by the obligation of professional secrecy to which the persons employed or formerly employed by the competent authorities that received the information are subject.

(3) If ASPAAS is not able to supply the required information without undue delay as per the provisions of paragraph (2), it shall notify the requesting competent authority of the reasons thereof.

(4) ASPAAS may refuse to act on a request for information where:

- a) supplying information might adversely affect the sovereignty, security or public order of Romania, or breach national security rules; or
- b) judicial proceedings have already been initiated in respect of the same actions and against the same financial auditors or audit firms, by the Romanian authorities that have received the request; or
- c) judicial proceedings have already been initiated in respect of the same actions and against the same financial auditors or audit firms, by the Romanian authorities that have received the request.

Art. 60 - Using the information

(1) Without prejudice to the obligations to which they are subject in judicial proceedings, competent authorities in Romania which receive information pursuant to Art.58 para. (1) and (2) may use it only for the exercise of their duties within the scope of this law or of Regulation (EU) no. 537/2014 and in the context of administrative or judicial proceedings specifically related to the exercise of those duties.

(2) If needed, ASPAAS conveys to the National Bank of Romania, to the Financial Supervisory Authority or to other public authorities responsible for the oversight of public-interest entities, or to the European System of Central Banks and to the European Central Bank, in their capacity as monetary authorities, and to the European Systemic Risk Board, confidential information intended for the performance of their tasks.

(3) For the fulfillment of its duties in accordance with Regulation (EU) no 537/2014, the exercise of the right to exchange information between the authorities referred to in para. (1) and (2) cannot be prohibited.

Art. 61 Cooperation in case of a breach of the legal provisions on the territory of another Member State

(1) Where ASPAAS finds that acts contrary to the provisions of Directive 2006/43/EC, as amended by Directive 2014/56/EU of the European Parliament and of the Council of 17 May 2016 on the legal audit of annual and consolidated accounts, have been carried out on the territory of another Member State, it shall notify the competent authority of the other Member State, providing as many details as possible.

(2) When the competent authority of another Member State notifies ASPAAS on activities carried out on the Romanian territory, by financial auditors or audit firms approved in Romania, contrary to the legislation applicable to statutory audit, ASPAAS shall take appropriate action.

(3) ASPAAS shall inform the notifying competent authority of the outcome and, if possible, of significant developments.

(4) ASPAAS may also request that an investigation be carried out by the competent authority of another Member State on the latter's territory, based on the protocol concluded.

(5) Competent authorities in the area of statutory audit in another Member State may request ASPAAS that an investigation is carried out on the territory of Romania.

(6) ASPAAS may request that some of its own personnel be allowed to accompany the personnel of the competent authority of that other Member State in the course of the investigation.

(7) Competent authorities in the area of statutory audit in another Member State may request ASPAAS that some of their own personnel be allowed to accompany ASPAAS personnel in the course of the investigation.

(8) The investigation mentioned in paragraph (5) shall be subject to the overall control of the Romanian authorities.

(9) ASPAAS may refuse to act on a request for an investigation to be carried out as provided for in para. 5, or on a request for its personnel to be accompanied by the personnel of a competent authorities in another Member State, as provided for in para. 6, where:

- a) such provision of information might adversely affect the national sovereignty, security or public order; or
- b) judicial proceedings have already been initiated in respect of the same actions and against the same persons before the Romanian authorities; or
- c) a final judgment has already been passed in respect of the same actions on such persons by the competent authorities in Romania.

Chapter IX – Statutory Audit Contracts and Audit Committee

Art. 62 Appointment of financial auditors or audit firms

(1) The financial auditor or audit firm shall be appointed by the general meeting of shareholders or associates of the audited entity. Statutory audit shall be carried out on the basis of the written statutory audit contract, after the date when the financial auditor or audit firm is appointed by the general meeting of shareholders or associates of the audited entity.

(2) Any contractual clause restricting the choice by the general meeting of shareholders or associates of the audited entity pursuant to paragraph (1) to certain categories or lists of financial auditors or audit firms as regards the appointment of a particular financial auditor or audit firm to carry out the statutory audit of that entity shall be prohibited. Any such existing clauses shall be null and void.

Art. 63 Termination of the statutory audit contracts

(1) The statutory audit contract with a financial auditor or an audit firm may be canceled under the law.

(2) Divergent views on accounting treatments or audit procedures shall not be proper grounds for terminating the contract.

(3) The audited entity, the financial auditor or the audit firm shall inform ASPAAS in writing concerning the termination of the contract during the appointment or the statutory audit contract, and shall give an adequate explanation of the reasons therefore.

Art. 64 Report on the dismissal of the financial auditor or audit firm

(1) In the case of a statutory audit of a public-interest entity, it is allowed to bring a claim before a legal relevant court for the dismissal of the financial auditor or the termination of the contract with the audit firm.

(2) While implementing the provisions under para.(1), the court may be petitioned for requiring the audit firm to dismiss the financial auditor appointed by the audit firm to conduct a specific statutory audit engagement.

(3) ASPAAS may require the dismissal of the financial auditor or the termination of the statutory audit contract, as applicable, if the financial auditor or audit firm is subject to a final penalty, pursuant to Art. 40 (4)(d) and (e).

Art. 65 - Audit committee

(1) Each public-interest entity shall have an audit committee, according to the law.

(2) The audit committee shall be a stand-alone committee or a committee of the administrative body or supervisory body of the audited entity. It shall consist of non-executive members of the board of trustees and/or members of the supervisory body of the audited entity and/or non-executive members appointed by the general shareholders'/associates' assembly of the audited entity or, for entities without shareholders or associates, by an equivalent body.

(3) At least one member of the audit committee shall have competence in accounting and/or statutory audit, certified by qualification documents for the respective domains

(4) The audit committee shall have competence relevant to the field in which the audited entity is operating.

(5) The majority of the members of the audit committee shall be independent of the audited entity. The chairman of the audit committee shall be appointed by its members or by the company's administrator or by the supervisory body of the audited entity, and shall be independent of the audited entity.

(6) Without prejudice to the responsibility of the company's administrator, members of the administrative, or supervisory bodies, or management, or of other members who are appointed by the shareholders'/associates' general assembly of the audited entity, the audit committee shall, inter alia, have the following tasks:

- a) informing the company's administrator or the members of the administrative/supervisory body of the audited entity on the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of financial reporting and what was the role of the audit committee in that process;
- b) monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity;
- c) monitoring the effectiveness of the undertaking's internal quality control and risk management systems and, where applicable, its internal audit, regarding the financial reporting of the audited entity, without breaching its independence;
- d) monitoring the statutory audit of the annual and consolidated financial statements, in particular, its performance, taking into account any findings and conclusions by the competent authority, pursuant to Article 26 para. (6) of Regulation (EU) no 537/2014;
- e) reviewing and monitoring the independence of financial auditors or of audit firms in accordance with Articles 21 to 25, 28 and 29 of this legal act and with Article 6 of Regulation (EU) no 537/2014 and, in particular, the appropriateness of the delivery of non-audit services to the audited entity in accordance with Article 5 of that Regulation;

f) being in charge of the procedure for the selection of financial auditor or audit firm and recommending the financial auditor or the audit firm to be appointed by the shareholders' general assembly/members of the administrative or supervisory body, in accordance with Article 16 of Regulation (EU) No 537/2014 except when Article 16 para. (8) of Regulation (EU) No 537/2014 is applied.

(7) The entities whose annual financial statements are submitted, in compliance with the law, to statutory audit must organize and ensure the exercise of internal audit, in compliance with the legal framework.

**Chapter X -International aspects and application of the provisions of
Regulation (EU) no. 153/2014 on specific requirements regarding statutory
audit of public-interest entities and repealing Commission Decision
2005/909/EC**

Art. 66 Approval of auditors from third countries

(1) Subject to reciprocity, the ASPAAS may approve a third-country auditor as financial auditor if that person has provided evidence that he or she complies with requirements equivalent to those laid down in Art. 5, and Art. 7- 12.

(2) ASPAAS shall apply the requirements laid down in Article 13, before granting approval to a third-country auditor who meets the requirements of paragraph (1).

Art. 67 Registration and oversight of third-country auditors and audit entities

(1) In accordance with Articles 14 - 16, ASPAAS must register every third-country auditor and audit entity that provides an audit report concerning the annual or consolidated accounts of a company incorporated outside the European Union, whose transferable securities are admitted to trading on a regulated market in Romania within the meaning of point 14 of Article 4, para. (1) of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, published in the Official Journal of the European Union no. L 145 of 30 April 2004, except when the concerned entity is an issuer exclusively of outstanding debt securities, for which one of the following conditions shall apply:

- a) they have been admitted to trading on a regulated market in a Member State within the meaning of point (c) of para. (1) Article 2 (1) of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, published in the Official Journal of the European Union no. L 390 of 31 December 2004, prior to 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 50,000 or, in the case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 50,000;

b) they are admitted to trading on a regulated market in a Member State within the meaning of point (c) of para. (1), Article 2(1) of Directive 2004/109/EC from 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 100,000 or, in case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 100,000.

(2) The registration of third-country auditors and audit entities shall be carried out in accordance with the provisions of Art. 17 and 18 on the information contained in the Electronic Public Register.

(3) Third-country auditors and audit entities who are registered but not also approved in Romania, are not entitled to undertake financial audits, as laid down in this Romanian legal act.

(4) Third-country auditors and audit entities, registered, but not approved in Romania, shall be subject to systems of quality oversight, quality assurance and investigation and penalties, as provided for in this legal act.

(5) ASPAAS may exempt a registered third-country auditor or audit entity, registered, but not approved in Romania, from being subject to the quality assurance system, if another Member State's or third country's system of quality assurance that has been assessed as equivalent in accordance with Article 69, has carried out a quality review of the third-country auditor or audit entity concerned during the previous three years.

(6) Without prejudice to Article 69, audit reports concerning annual accounts or consolidated accounts referred to in paragraph 1 of this Article, issued by third-country auditors or audit entities that are not registered in Romania, shall have no effect on our country's territory.

Art. 68 Conditions for registering audit entities in third countries

(1) According to Art. 67, ASPAAS may register a third-country audit entity only if:

- a) the majority of the members of the administrative or management body of the third-country audit entity meet requirements which are equivalent to those laid down in Articles 5-11;
- b) the third-country auditor carrying out the audit on behalf of the third-country audit entity meets requirements which are equivalent to those laid down in Articles 5-11;
- c) the audits of the annual or consolidated accounts referred to in Art .67 para. (1) are carried out in accordance with international auditing standards as referred to in Article 32, as well as the requirements laid down in Articles 21 to 23, 25 and 30, or with equivalent standards and requirements;
- d) it publishes on its website an annual transparency report which includes the information referred to in Article 13 of Regulation (EU) No 537/2014 or it complies with equivalent disclosure requirements.

(2) ASPAAS may register a third-country auditor only if he or she meets the requirements set out in this article, paragraph (1) points (b) - (d).

(3) Until a decision is adopted by the European Commission, ASPAAS can assess the equivalence referred to in para. (1) pt. c).

Art. 69 Derogation in case of equivalence

(1) The requirements set in Article 67 para. (1), (4) and (5), on the basis of reciprocity between ASPAAS and the competent authority in the respective country, may not be applied or may be applied with modifications, only if the third-country auditors or audit entities are subject to systems of public oversight, quality assurance and investigations and penalties in the third country that meet requirements equivalent to those of Articles 29, 30 and 32 of Directive 43/2006/EC, further amended and supplemented.

(2) After the Commission has acknowledged the equivalence referred to in this article, paragraph (1), ASPAAS can take it into account.

(3) ASPAAS shall communicate to the European Commission as follows:

- a) its assessments of the equivalence;
- b) the main elements of its cooperative arrangements with third-country systems of public oversight, quality assurance and investigations and penalties, on the basis of paragraph (1).

Art. 70 Cooperation with competent authorities from third countries

(1) ASPAAS may allow the transfer to the competent authorities from a third country of audit working papers or other documents held by approved financial auditors or audit firms in Romania, as well as of inspection or investigation reports concerning the audit in question, provided that:

- a) those audit working papers or other documents relate to audits of companies which have issued securities in that third country or which form part of a group issuing statutory consolidated accounts in that third country;
- b) the transfer takes place via the Romanian competent authorities to the competent authorities of that third country, at their request;
- c) the competent authorities of the third country concerned meet requirements which have been declared adequate in accordance with para. (3);
- d) there are working arrangements on the basis of reciprocity agreed between the competent authorities concerned;
- e) the transfer of personal data to the third country is in accordance with the provisions of Law no. 677/2001 on the protection of individuals with regard to the processing of personal data and the free circulation of such data, as subsequently amended and supplemented.

(2) The collaboration arrangements referred to in para. (1) point d), shall ensure that:

- a) competent authorities justify the purpose of the request for audit working papers and other documents;

- b) the persons employed or formerly employed by the competent authorities of the third country that receive the information are subject to obligations of professional secrecy;
- c) the protection of the commercial interests of the audited entity, including its industrial and intellectual property, is not undermined;
- d) the competent authorities of the third country may use audit working papers and other documents only for the exercise of their functions of public oversight, quality assurance and investigations that meet requirements equivalent to those of Articles 29, 30 and 32 of Directive 43/2006/EC further amended and supplemented;
- e) ASPAAS may refuse the request from a competent authority from a third country concerning audit working papers or other documents held by a financial auditor or audit firm: where the provision of those working papers or documents would adversely affect the sovereignty, security or public order of the European Union or Romania; where judicial proceedings have already been initiated in respect of the same actions and against the same persons before the Romanian authorities; where final judgment has already been passed in respect of the same actions and on the same financial auditors or audit firms by the Romanian competent authorities.

(3) ASPAAS shall take necessary measures to comply with the Commission's decision, on the adequacy referred in this article, at paragraph (1) point (c).

(4) In exceptional cases and by way of derogation from para. (1), ASPAAS may allow approved financial auditors and audit firms to transfer audit working papers and other documents directly to the competent authorities of a third country, provided that:

- a) investigations on the concerned financial auditor or audit firm have been initiated by the competent authorities in that third country;
- b) the transfer does not conflict with the obligations with which financial auditors and audit firms are required to comply in relation to the transfer of audit working papers and other documents to ASPAAS;
- c) there are working arrangements with the competent authorities of that third country that allow ASPAAS reciprocal direct access to audit working papers and other documents of that third-country's audit entities;
- d) the requesting competent authority of the third country informs in advance ASPAAS of each direct request for information, indicating the reasons therefor;
- e) the conditions referred to in para. (2) are observed.

(5) ASPAAS shall communicate to the European Commission the working arrangements referred to in para. (1) and (4).

Art. 71 Enforcement of the provisions of EU Regulation 537/2014

(1) Financial auditors and audit firms may perform the services referred to in subparagraph 2 of Art. 5 (1)(a)(i) and (f)(iv)-(vii) of Regulation (EU) no. 537/2014, observing the requirements laid down in Art. 5(3) of Regulation (EU) no. 537/2014.

(2) According to the provisions of Art. 17(4) of Regulation (EU) no. 537/2014, the maximum duration referred to in subparagraph 2 of Art. 17(1) of Regulation (UE) no. 537/2014 may be extended to a maximum duration of 20 years if a public procurement procedure for the statutory audit is carried out in accordance with Art. 16 (2) – (5) of Regulation (EU) no. 537/2014 and produces effects after the expiry of the maximum duration mentioned in subparagraph 2 of Art. 17 (1).

(3) In applying the provisions of Art.20(1)(c), of Regulation (EU) no. 537/2014, ASPAAS is the competent authority, responsible for carrying out the tasks provided for in Regulation (EU) no. 537/2014 and for verification of the implementation of the provisions therefor.

(4) In applying paragraph (3), the procedure for the appointment by ASPAAS of the financial auditors shall be complemented by the relevant provisions of the specific legislation issued by regulatory authorities.

Title II - Authority for the Oversight of the Accountancy Profession

Art. 72 Subject Matter

This title regulates the organization, operation and prerogatives of the Authority for the Oversight of the Accountancy Profession, herein referred to as ASPAAS, as well as the oversight of the activity of financial auditors, audit firms and CAFR.

Art. 73 ASPAAS's legal status and role

(1) ASPAAS is established by the reorganization of the Council for the Public Oversight of the Accountancy Profession set up under Art. 53 of Government Emergency Ordinance no.90/2008 on the statutory audit of the annual accounts and consolidated accounts, and the public supervision of the accounting profession, approved with amendments by Law no. 278/2008, as further amended and supplemented.

(2) ASPAAS is the competent authority in the field of public oversight of the statutory audit and exercises its powers according to the provisions of this law.

(3) ASPAAS is a public institution, with legal personality, having the role of ensuring the public oversight, according to the principles contained in the Directive 2006/43/EC, as subsequently amended and supplemented, ensuring the enforcement, implementation and monitoring the compliance of the EU legislation transposed in the national legislation, directly applicable to the fields referred to in this legal act.

(4) ASPAAS is subject to the Ministry of Public Finance.

(5) ASPAAS is based in Bucharest, 17 Apolodor, sector 5. The ASPAAS headquarters may change by order of the President of ASPAAS which shall be published in the Official Gazette of Romania, Part I.

(6) ASPAAS carries out its activity according to this law, the Government's decision provided under Art. 81(1) and the Regulation on the organization and functioning of ASPAAS, approved by the Minister of Public Finance.

(7) In order to ensure the continued application of the provisions of the Directive 2006/43/EC, as subsequently amended and supplemented, and in compliance with provisions of Art. 81, ASPAAS takes over the personnel, as well as the patrimony from the reorganizing entity, established on the basis of the financial statements prepared according to the provisions of Art. 28 (1.1) of the Accounting Law no. 82/1991, republished, as subsequently amended and supplemented.

(8) The personnel from the Council for the Public Oversight of the Accounting Profession shall be placed by complying with the legal terms and procedures applicable to each and every personnel category.

Art. 74 ASPAAS Objectives

To enhance public trust in audited annual or consolidated financial statements, ASPAAS has the following primary objectives:

- a) enhancing statutory audit quality;
- b) increasing the professionalism of financial auditors and audit firms;
- c) public interest oversight of the statutory audit activity, according to the requirements of the European Union regulations and other regulations in the field;
- d) ensuring the effectiveness of its own activity in the field of statutory audit;

Art. 75 ASPAAS's Prerogatives

(1) The main prerogatives assigned in its capacity of competent authority according to the Directive 2006/43/EC, as further amended and supplemented, and to this law, are the following:

- a) approval and withdrawal of approval of financial auditors and audit firms;
- b) registration of financial auditors and audit firms in the Electronic Public Register;
- c) continuous professional development of the members of the accountancy profession and professional training of trainees in statutory audit;
- d) undertaking reviews to ensure statutory audit quality;
- e) undertaking reviews related to financial auditors and audit firms in their execution of statutory audit activities;
- f) adopting related measures and applying the necessary sanctions;
- g) oversight and control of the way in which CAFR exercises the tasks delegated pursuant to Art. 52 of this legal act;
- h) cooperation with other competent authorities in Romania and in other Member States, as well as with national and international bodies in the field, involved in the development and implementation of statutory audit specific regulations;

- i) transmission of information and responses, at the request of the European Commission, regarding the statutory audit profession and the national public oversight of the statutory audit activity;
- j) Issuance of its own regulations on the basis and for the application of the provisions in this legal act.

(2) ASPAAS shall fulfill and carry out the following duties required to exercise its competencies:

- a) implementation of the strategy regarding the public interest oversight of statutory audit;
- b) adoption of the IFAC Code of Ethics;
- c) translation and review of international standards on auditing and the Code of Ethics issued by IFAC;
- d) any other prerogatives laid down in this legal act or other national or EU regulations.

Art. 76 ASPAAS's right to request information

(1) While exercising its right to request information from financial auditors, audit firms or from CAFR, ASPAAS uses tools such as reports, surveys, interviews or other types of inquiries, depending on their target objective.

(2) ASPAAS is entitled to verify the information received from financial auditors, audit firms or from CAFR, so as to establish if they are accurate and legal.

(3) ASPAAS has the right to request from any institution and/or regulatory/oversight authorities of public-interest entities the information it deems necessary for the fulfillment of its tasks. The institutions concerned must rapidly respond to the requests formulated by ASPAAS.

Art. 77 The President of ASPAAS

(1) ASPAAS is headed by a president with a rank of under-secretary of state, appointed by decision of the Prime Minister, at the proposal of the Minister of Public Finance.

(2) In exercising his or her duties, the President of ASPAAS issues orders and decisions.

(3) The orders of the President of ASPAAS with a normative character are published in the Official Gazette of Romania, Part I.

(4) The President of ASPAAS shall act as a tertiary authorizing officer and may delegate this quality to senior civil servants, as per the law. The delegation order shall specify the limits and conditions of delegation.

(5) The President represents ASPAAS in relation with public administration authorities, other legal and natural entities, as well and with national or international bodies.

(6) The President of ASPAAS may delegate, under the law, some attributions to the senior civil servants of ASPAAS. The delegation order shall specify the limits and conditions of delegation.

(7) If, for good reasons, the President of ASPAAS is not able to exercise his / her duties, he or she delegates by order one of the senior civil servants to perform such duties.

(8) The President of ASPAAS is in charge of the whole activity of ASPAAS before the Minister of Public Finance.

Art. 78 The Superior Council of ASPAAS

(1) In exercising the duties provided by law, the President of ASPAAS is supported by the members of the ASPAAS Superior Council.

(2) The members of the Superior Council shall represent the institutions which have appointed them and are consulted on the conduct of the statutory audit public oversight activity, according to the provisions of the Regulation on the organization and functioning of ASPAAS.

(3) The Superior Council consists of 6 members and is composed as follows:

- a) a representative of the Ministry of Public Finance, who should not be employed with ASPAAS;
- b) a representative of the Ministry of Justice;
- c) a representative of the National Bank of Romania;
- d) a representative of the Financial Supervisory Authority;
- e) a representative of the Chamber of Commerce and Industry of Romania.
- f) a representative of the Chamber of Financial Auditors of Romania.

(4) The Superior Council elects a President out of its members. The term of office for the President of the Superior Council is one year, renewable only once.

(5) The members of the Superior Council shall be in legal relations with the institution which has appointed them. Termination of legal relations with the institution they represent triggers the termination of the term of office for the concerned entity in the Superior Council.

(6) The President of ASPAAS participates to the Superior Council meetings.

(7) All members of the Superior Council shall be non-practitioners in the financial audit field.

(8) The Superior Council meets on a quarterly basis, as well as whenever the President of ASPAAS is convened.

(9) The meetings of the Superior Council shall be statutory if attended by at least three of its members.

(10) The members of the Superior Council shall receive a quarterly allowance for attendance at meetings. The level of the allowance is 25% of the ASPAAS President's allowance in the last quarterly meeting.

(11) The term of office of the Superior Council's members shall be 3 years, renewable only once, upon the proposal of the institution having appointed them.

(12) The President of ASPAAS may invite to meetings of the Superior Council and other persons, depending on the agenda of the meetings.

Art. 79 Prerogatives of the Superior Council members

(1) The members of the Superior Council, through their specific experience in the fields of activity they represent, shall provide the technical support and know-how necessary for the President to adequately conduct the ASPAAS activity.

- (2) The Superior Council has the following main prerogatives:
- a) submits the annual activity plans and the strategy guideline of ASPAAS;
 - b) submits measures to improve monitoring and public oversight in order to improve the audit activity;
 - c) carries out any other attributions settled by the Regulation on the organization and functioning of ASPAAS.

(3) The members of the Superior Council shall formulate opinions and views under the conditions set by the Regulation on the organization and functioning of ASPAAS.

Art. 80 ASPAAS Annual Activity Plan and Report

(1) The ASPAAS Annual Activity Plan and Report are subject to the approval of the Minister of Public Finance and published on the ASPAAS website.

(2) Non-approval of the annual activity report leads to the revocation of the ASPAAS President.

Art. 81. ASPAAS Personnel

(1) The organizational structure and the number of ASPAAS positions shall be approved by a Government decision, within 60 days from the date of entry into force of this law.

(2) The maximum number of positions stipulated in para. (1) is 25.

(3) The salary of ASPAAS personnel shall be set at the salary level of the positions equivalent to those within the Ministry of Public Finance or its subordinated institutions, if there is no similar position.

Art. 82 Conflict of interests

The members of the Superior Council and of the Disciplinary Commission, as well as the ASPAAS personnel carry out their activity in such way as to avoid conflict of interests.

Art. 83 ASPAAS's Disciplinary Commission

(1) A Disciplinary Commission shall be constituted and shall function within ASPAAS.

(2) The Disciplinary Commission consists of 4 members with legal or economic background, as follows:

- a) a representative of the Ministry of Public Finance;
- b) a representative of the National Bank of Romania;
- c) a representative of the Financial Supervisory Authority;
- d) a representative of ASPAAS.

(3) The Disciplinary Commission elects a chairman out of its members.

(4) The Disciplinary Commission shall enforce disciplinary proceedings and shall sanction the infringements related to the statutory audit legislation.

(5) The term of office for the Committee's members is of 3 years, renewable only once, at the proposal of the designating institution.

(6) The organization and operation of the Disciplinary Commission are provided for in its Regulation.

(7) The Disciplinary Commission shall meet on a quarterly basis, as well as whenever the President of ASPAAS is convened.

(8) The meetings of the Superior Council shall be statutory if attended by at least three of its members.

(9) The Disciplinary Commission shall draw up a report proposing the sanctions provided in art. 40 par. (4) and Art. 43 par. (2), or a complaint ranking report, as appropriate.

(10) The Disciplinary Commission is competent to solve the disciplinary complaints related to financial auditors and audit firms in Romania, in any of the following situations:

- a) if the deeds relate to performing statutory audit;
- b) if the provisions of the Code of Ethics mentioned under Art. 20 para. (1) are violated, when performing the statutory audit;
- c) if the persons who commit the infringements are members of the CAFR Council or other elected members who hold an office in the management structures of CAFR;
- d) in any other situation stipulated in the law.

(11) Based on the report provided in para. (9), the ASPAAS President issues an order for the settlement of complaints, which is to be communicated to the parties.

(12) The members of the Disciplinary Commission shall receive a quarterly allowance for attendance at meetings. The level of the allowance is 25% of the ASPAAS President's allowance in the last quarterly meeting.

Art. 84 ASPAAS Disciplinary proceedings

(1) ASPAAS may be notified in writing and motivated by any interested person in connection with the administrative irregularities made by the Romanian auditors and audit firms in the situations provided for in Art. 83(10). ASPAAS may also give rise to ex officio prosecution for such irregularities.

(2) The conduct of disciplinary proceedings, as well as any other matters related to the settlement of the disciplinary case, shall be governed by the Disciplinary Commission Regulation.

(3) Whenever necessary, ASPAAS may request information to CAFR or any other professional body to which the auditor or audit firm against which the complaint is made is a member.

(4) In the case of administrative irregularities committed by the persons listed in art. 83 (10)(c), the membership capacity of the CAFR Council members or of other elected members or of those that occupy a position in the CAFR's governing bodies shall be held either at the time when the act was committed or at the time of notification of the irregularity. Loss of membership after committing the act or after reporting the irregularity does not entail a change in the settlement of such complaint.

(5) If the membership of the CAFR Council or of other elected members or of those who occupy a position in the CAFR's governing bodies is gained after notification of the violation, the settlement powers fall within the responsibility of ASPAAS. The loss of membership prior to the settlement of compliant by ASPAAS does not entail a change in the settlement powers established under this paragraph.

(6) Disciplinary complaints shall be settled within one year from the date of registration of the notification, but no later than 3 years from the date of the administrative irregularity.

(7) The orders for the settlement of the disciplinary complaints issued by the President of ASPAAS can be challenged before the competent administrative court, without the need to lodge a preliminary report, within 30 days from the date of communication.

(8) The complaint formulated in accordance with paragraph (7) and communicated according to the provisions of art. 201 paragraph (1) of the Law no. 134/2010 on the Civil Procedure Code, republished, as amended, suspends the execution of the administrative sanction.

Art. 85 ASPAAS's Financing

(1) The financing of ASPAAS shall be provided from its own revenues and, in addition, the subsidies from the state budget, through the budget of the Ministry of Public Finance.

(2) The ASPAAS revenues are CAFR contributions, amounting to 30% of the current and capital expenditures of ASPAAS.

(3) The payment of the contribution stipulated in para. (2) shall be made in two installments on the basis of the payment notification issued by ASPAAS. The procedure for administering the CAFR contribution and the payment deadlines shall be established by order of the ASPAAS President.

(4) The notification of payment provided in para. (3) is subject to the provisions of the Tax Procedure Code.

Title III - Emergency Governmental Ordinance no. 75/1999 on the financial audit activity, as further amended and supplemented

Art. 86 Government Emergency Ordinance no. 75/1999 on the financial audit activity, published in the Official Gazette of Romania, Part I, no. 598 of 22 August 2003, as amended and supplemented, shall be amended and supplemented as follows:

1. Article 1 is hereby amended as follows:

“Art.1 – This emergency ordinance is the legal framework for the organization of the financial audit activity as well as for the regulation of the independent exercise of the financial auditor profession by those persons who have gained this capacity in compliance with the provisions of the law.”

2. Article 2 is hereby amended as follows:

“Art.2 - Financial audit is the activity performed by financial auditors in order to express an opinion on the financial statements or on some of their components, to exercise other assurance and professional services engagements, in compliance with the legal provisions in the field.”

3. Article 3 is hereby amended as follows:

“Art. 3 - (1) A financial auditor is a natural person who gains this capacity under the provisions of the law.

(2) An audit firm is the legal entity authorized under the provisions of the law.

(3) Financial audit is performed by financial auditors or audit firms who are approved in compliance with the provisions of the law and who are members of the Chamber of Financial Auditors of Romania and mainly consist of the following activities:

a) statutory audit on annual accounts and consolidated annual accounts, under the provisions of the law;

b) audit of annual accounts and consolidated annual accounts to the extent this is not statutory audit according to the law;

c) engagements of reviewing annual accounts and consolidated accounts as well as interim accounts;

d) assurance and professional services engagements, in compliance with the international standards in the field and with other regulations adopted by the Chamber;

e) internal audit, other than public internal audit.

(4) Financial auditors and audit firms may carry out other activities, such as:

a) financial-accounting consultancy;

b) financial-accounting management;

c) professional training in the field;

d) accounting expertise, evaluation, judicial reorganization and liquidation, as well as tax consultancy. Natural and legal persons who are financial auditors may perform activities related to accounting expertise, evaluation, judicial restructuring and liquidation, as well as tax consultancy, only after they have gained, in compliance with the provisions of the law, the capacity of chartered accountant, evaluator, insolvency practitioner or tax advisor, as it be the case, and they have become members of the bodies which coordinate the respective liberal professions.”

4. Article 4 is hereby amended as follows:

“Art.4 - Financial auditors and audit firms, while independently exercising the profession, must be free and perceived as free of any constraints whatsoever which may infringe the principles of independence, objectivity and professional integrity.”

5. Paragraphs (2) - (5) of Art. 5 are hereby amended as follows:

“(2) The Chamber is the competent authority which regulates and monitors the way financial audit - other than statutory audit - activities are carried out in Romania, other than statutory audit.

(3) The Chamber has, mainly, the following duties:

a) regulation and oversight of the activities carried out by its members stipulated under Art. 3 para. (3), letters b)-e);

b) prerogatives delegated by the Council for the Public Oversight of the Accounting Profession, hereinafter referred to as ASPAAS, under its oversight and control;

c) representation of the interests of its members.

(4) The Chamber issues:

a) Regulation on the organization and functioning of CAFR, which is approved by resolution of the General Assembly of the Chamber’s members, with previous approval from ASPAAS;

b) internal audit-related norms;

c) regulations necessary for carrying out the activities under para. (6);

d) other regulations necessary for fulfilling the Chamber’s prerogatives;

(5) Regulations under Art. (4) letters b) - d) are approved through resolutions of the Chamber’s Council.”

6. In Article 5, after paragraph (5), two new paragraphs – para. (6) and (7) shall be inserted, with the following content:

“(6) The Chamber, while exercising its prerogatives, carries out the following activities:

a) organizes and monitors the continuous professional development programme for its members, in relation with the activities stipulated under Art. 3 para. (3), letters b)-e);

b) reviews the quality of the activity of its members in relation with the activities stipulated under Art. 3 para. (3), letters b)-e);

c) promotes the update of the legislation through the ASPAAS and the Ministry of Public Finance, as well as of the financial audit and internal audit norms, in compliance with the provisions of the law and with the regulations issued by both European and international professional institutions in the field;

d) may radiate or withdraw upon request the authorization as financial auditor or audit firm, as it may be the case, in compliance with the legal provisions;

e) may enforce the disciplinary sanctions laid down in Art. 32.1 para. (4);

f) may propose the disciplinary sanction involving the withdrawal of the authorization as financial auditor or audit firm, as it may be the case, in compliance with the legal provisions;

g) ensures the representation of the financial auditor profession in Romania and at international level;

h) adopts the Code of ethics and the international standards on auditing, review, other assurance and connected services for engagements other than statutory audit ones;

i) issues, with ASPAAS approval, guidelines in the field of statutory audit regarding the international standards on audit and the implementations of the Code of Ethics adopted by ASPAAS;

j) any other activities necessary for implementing the herein emergency ordinance.

(7) The Chamber shall also carry out activities delegated by ASPAAS that concern statutory auditors, under the law.”

7. Article 6 is hereby amended as follows:

“Art.6 - (1) The Chamber is headquartered in Bucharest, 67-69 Sirenelor, sector 5.

(2) The Chamber may establish regional subsidiaries both in the country and abroad, as entities without legal personality.

(3) The Chamber’s management bodies are: The General Assembly of the Members, the Council and the Standing Bureau of the Chamber’s Council.

(4) The members and the president of the Chamber's Council are elected within the ordinary Conference, from amongst the financial auditors, for a 3-year term; they may hold no more than 2 terms in office.

(5) The Chamber's Council consists of 11 members, including the president.

(6) The election of the members and the president of the Chamber's Council is carried out in compliance with the election procedure approved by the Chamber’s Council, with previous ASPAAS approval.

(7) Within the General Assembly, the president of the Chamber’s Council is elected separately from the election of the members of the Chamber’s Council.

(8) The members of the Council elect, from among them, for the same period, the members of the Standing Bureau, except for the person mentioned under para. (7).

(9) The General Assembly consists of the members of the Chamber who have the capacity of financial auditor and who have fulfilled their obligations towards the Chamber, in the year before the General Assembly, at the deadlines set through the Chamber's regulations.

(10) The members of the Chamber’s Council, the members of its disciplinary structures, as well as the employees of the Chamber must comply with the legal regime of conflict of interests.

6. Article 8 is hereby amended as follows:

“Art. 8 - (1) According to the law, the Chamber’s members are financial auditors who, from the point of view of the right to exercise the profession, can be either active or non-active, and audit firms;

(2) The financial auditor(s) signing the statutory audit report or other reports mentioned in the international standards on audit, on their own behalf or on behalf of an audit firm must have the status of active financial auditor.

(3) The following categories cannot be active financial auditors in an economic entity, or, if they were appointed by the general assembly of the respective economic entity, they are excluded from this capacity:

- a) relatives or in-laws up to fourth degree or spouses of administrators;
- b) those persons who receive, in any form whatsoever, for other positions than that of active financial auditor a salary or a remuneration from the administrators or from the audited economic entity;
- c) the persons who are not allowed to hold the administrator position, in compliance with the law;
- d) the persons who, throughout the exercise of the profession of active financial auditors have financial control prerogatives within the Ministry of Public Finance or other public institutions, except for those situations expressly stipulated in the law.

(4) Financial auditors who coordinate the internal audit activity in compliance with Art. 23 must have the status of active financial auditor.

9. Articles 10 - 13 are repealed.

10. “Article 13.1 is hereby amended as follows:

(1) Financial auditors shall take part in appropriate programmes of continuous professional development in order to maintain their theoretical knowledge and professional skills at a high level.

(2) Default on the continuous professional development requirements is sanctioned according to the regulations issued to this purpose.”

11. Article 13.2 para. (1) is hereby amended as follows:

“Art.13.2 - The Chamber is the competent authority to perform quality assurance reviews in order to ensure the quality of the services delivered by financial auditors that are stipulated in Art. 3 para. (3) letters b)- e).”

12. Article 20 is hereby amended as follows:

“Art.20 - (1)The entities whose annual accounts are submitted, in compliance with the law, to statutory audit must organize and ensure the exercise of internal audit, in compliance with the legal framework.

(2) The internal audit standards applicable to entities under para. (1) are international standards on internal audit issued by the Institute of Internal Auditors in the US and approved by the Chamber.

(3) As far as autonomous administrations, national companies, as well as other state-owned capital economic entities are concerned, the internal audit activity is organized and functions in compliance with the legal framework on internal audit at public entities.”

7. Art. 21 and 22 are repealed.

8. Art. 22-24 are repealed.

15. Article 29 is hereby amended as follows:

“Art. 29 - In case of entities that opt for the auditing of accounts, the audit is carried out in compliance with the provisions of the herein emergency ordinance, to the extent it is not statutory audit, as per the law.”

16. Article 30 is hereby amended as follows:

“Art.30 - The Ministry of Public Finance issues and promotes in view of adoption drafts of norms which regulate the organization and the operation of the Chamber, while consulting both the Chamber and ASPAAS.”

17. Chapter VIII is repealed.

18. Article 32 is hereby amended and supplemented, as follows:

“Art. 32 - (1) The violation of the provisions of the herein emergency ordinance and of the regulations issued by the Chamber triggers, as the case may be, administrative, disciplinary, civil or criminal liability.

(2) The disciplinary irregularities committed by financial auditors and audit firms for which the Disciplinary Commission of CAFR applies sanctions are set in the Regulation on the organization and functioning of the Chamber.

(3) The procedures of finding disciplinary irregularities and of applying disciplinary sanctions, as well as the way in which the disciplinary procedure is to be carried out are included in the Regulation of the Disciplinary Commission of CAFR.”

19. Art. 32.1 is hereby amended, as follows:

“Art.32. - (1) A Disciplinary Commission shall function within the Chamber.

(2) The Chamber’s Disciplinary Commission is invested with powers to solve complaints related to disciplinary irregularities committed by financial auditors and audit firms, if their actions concern the activities under Art. 3 para (3) letters b) - e) and para (4) letters a)-c).

(3) The organization and operation of the Chamber's Disciplinary Commission are stipulated in the Regulation of the Disciplinary Commission, issued by the Chamber.

(4) The Disciplinary Commission of CAFR shall impose the following disciplinary sanctions to financial auditors and audit firms:

a) public statement which indicates the person responsible and the nature of the breach, published on the official CAFR website;

b) for financial auditors, a disciplinary penalty consisting of between 2 to 6 national minimum wages;

c) for audit firms, a disciplinary penalty consisting of between 0.5% and 2.5% of the turnover corresponding to the statutory audit activity;

d) suspension of activity for a period between one and three years, according to which the financial auditor or the audit firm is forbidden to perform one or more of the activities stipulated under Art. 3 para. (3) letter b) - e) and para. (4) letters a) - c).

(5) The Chamber's Disciplinary Commission forwards the proposal to withdraw the approval of a financial auditor or an audit firm, for serious offences, to the Disciplinary Commission of ASPAAS, which has the powers to solve it, in accordance to the law.

(6) The disciplinary procedure is suspended when criminal proceedings for the same offence have been initiated against the financial auditor.

(7) The person who is under disciplinary investigation must bring to the attention of CAFR that criminal proceedings have been initiated against them.

(8) The decisions of the Disciplinary Commission of the Chamber of Financial Auditors of Romania can be appealed at the Section for Contentious Administrative and Tax Proceedings of the Bucharest Court of Appeal, within 30 days since the date of their notice, without any special previous procedure.

(9) The appealed decision, according to para. (8) and notified according to Art. 201 para. (1) of the Civil Procedure Code shall put on hold the enforcement of the Disciplinary Commission's decision.”

20. After Article 32.1, a new chapter – Chapter IX – The Chamber's Revenues, including Articles 32.2 and 32.3, with the following contents:

“CHAPTER IX.1 The Chamber's Revenues

Art.32.2 - The Chamber provides for its revenues needed for covering its organization and functioning expenses from the following sources:

- a) annual fixed and variable member fees;
- b) fees from financial auditors who are trainees;
- c) fees for carrying out the activity in compliance with legal provisions;
- d) receipts from the sale of its own publications;
- e) pecuniary sanctions enforced according to Art. 32.1 para. (4) letters b) and c);
- f) donations, sponsorships and other revenues, according to the legal provisions in force.

Article 32.3 - (1) The amount of member fees, other fees and revenues of the Chamber, as well as the means for collecting them shall be approved by the Chamber's Council.

(2) The members of the Chamber are liable to pay annual fixed and variable membership fees.

(3) Variable fees are set as percentage of the turnover resulted from the activities stipulated in this emergency ordinance.”

TITLE IV

Emergency Ordinance no. 65/1994 on the organization of the accounting expertise and licensed accountants’ activity

Art. 87. - Government Ordinance no. 65/1994 on the organization of the accounting expertise and authorized accountants’ activity, republished in the Official Gazette of Romania, Part I, no. 13 of 8 January 2008, as amended and supplemented, is hereby amended as follows:

1. In Article 3, paragraph (1) is hereby amended as follows:

“Art. 3. - (1) The access to the chartered accountant and certified accountant professions is obtained through an admission examination, at which the minimum average must be 7 and the minimum grade per subject must be 6, he/she shall also undertake a 1 to 3 year practical training period and at the end of this period, he/she shall take a professional skills certification examination, according to the regulations of the Body of Licensed Accountants and Expert Accountants in Romania.

2. Article 6 shall be amended as follows:

“Art. 6. – The chartered accountant may provide, as a professional individual or as a company, the following services to natural and legal persons:

a) organizes, verifies, keeps and supervises the bookkeeping, prepares and approves the financial statements, performs tax works, namely tax calculation, taxes and contributions, prepares and fills in tax declarations, and the representation of the client before tax authorities, as part of a service contract in the field of accounting.

Bookkeeping means recording the economic and financial operations in the accounts in compliance with the accounting law and the applicable accounting regulations, as well as the restoring or reviewing the accounting. The result of the verification or revision work may reside in the certification signature of the certified accountant. Tax works refer to the calculation of taxes, contributions, preparation and filling in of tax declarations, and the representation of the client before tax authorities;

b) provides assistance for the accounting management and bookkeeping;

c) performs economic and financial analyses and appraisals for financial-accounting purposes, other than those defined by Government Ordinance no. 24/2011 on certain measures in the field of assets appraisal, approved by Law no. 99 of April 12, 2013, as subsequently amended and supplemented, which do not translate in an appraisal report prepared according to the appraisal standards adopted by the National Association of Authorized Romanian Valuers (ANEVAR). Such assessments may refer to cash flow estimates and the entity's financial condition, the revenue or expense assessment, the estimate of the level of provisions and value adjustments, as well as other assessments carried out by certified accountants during their current activity, without however being restricted to these;

d) undertakes accounting examinations, including financial-accounting expertise with fiscal component, ordered by the judicial bodies or requested by the natural or legal persons under the conditions stipulated by the law and the CECCAR regulations;

- e) undertakes other financial and accounting works, including electronic records of personnel, payroll, administrative and IT organization, certification of information, data and documents;
- f) performs, according to the legal provisions, the duties as financial representative;
- g) provides the necessary specialized assistance for the establishment and reorganization of companies;
- h) ensures the financial and accounting management and economic performance;
- i) ensures internal management control and risk management of legal entities;
- j) advises on financial management and accounting, provides services specific to managerial accounting and integrated reporting;
- (k) provides professional services which involve knowledge of the activities referred to in this Article to natural or legal entities.”

3. Article 7 shall be hereby amended as follows:

“Art. 7. - Natural and legal entities in their capacity as certified accountants may carry out activities other than those provided under Art. 6, which are specific to the activities of financial auditing, tax consultancy and appraisal only after acquiring, under the law, the capacity as financial auditor, tax consultant or authorized valuer, as the case may be, and after having registered as members of the institutions coordinating the aforementioned liberal professions.”

4. Article 8 shall hereby be amended as follows:

“Art. 8. – Chartered accountants may practise their profession individually or may be incorporated into accounting companies or companies providing accounting expertise services, according to the law.”

5. Article 9 shall hereby be amended as follows:

“Art. 9. - (1) Companies providing accounting expertise services shall fulfill the following conditions:

- a) to have as main activity the exercise of the profession of chartered accountant, and the secondary activities to comply with the provisions of this Ordinance and the regulations of the Body of Licensed Accountants and Expert Accountants in Romania;
- b) the majority of stocks or shares shall be held by certified accountants;
- c) the majority of the Board of Directors within the company, according to the Company Law no. 31/1990 shall be nominated from the certified accountant shareholders or associates;
- d) the shares must be nominative and each new associate or shareholder shall be accepted by the General Assembly;
- e) the benefits- and burden-sharing shall be according to the value of shares or stocks held by the shareholders or associates.

(2) In order to register the company with the Trade Register Office, the management structure of the company requires the opinion of the Body of Licensed Accountants and Expert Accountants in Romania.

(3) The provisions of paragraph (2) shall also apply to any modification of the conditions of paragraph (1).

(4) The opinion provided in par. (2) and (3) attest that the shareholders/directors and the management personnel meets the conditions laid down by law and grants them the right to

incorporate the company, to make amendments to the articles of association and to register such operations with the Trade Registry Office.

(5) The cancellation or suspension of the right to exercise the profession is ordered by the Body of Licensed Accountants and Expert Accountants in Romania and is notified within 30 days, by the company's management structure before the Trade Registry Office where it is registered the company member of the Body of Licensed Accountants and Expert Accountants in Romania.

6. In Article 10, after point (b), a new point is inserted, namely point (c), with the following contents:

“(c) provides activities of electronic records of personnel and payroll.”

7. Article 11 is hereby amended as follows:

“Art.11 – (1) Certified accountants may practise their profession individually or within accountancy companies, incorporated as per law.

(2) The provisions of Art.9 shall also apply to accountancy companies, and correspondingly to the quality and activity of certified accountant.

8. Article 12 is amended as follows:

“Art. 12. – (1) Chartered accountants and certified accountants are forbidden to perform work for the economic operators or for the institutions where they are employed and for any other parties whom their employer has concluded agreements with or whom his/her employer is in completion with.

2. Chartered accountants and certified accountants are forbidden to perform work for third parties as stated in Art. 6 and 10, if there is evidence of incompatibility.

3. The auditing activity may be undertaken, in accordance with the provisions of the law, by chartered accountants, by any person having a higher education degree in Economics acknowledged by The Ministry of National Education and a minimum 5 year experience in the accounting-financial area or by any company member of the Body of Licensed Accountants and Expert Accountants in Romania, where they are shareholders and directors.

(4) The cancellation or suspension of the right to exercise the profession individually is ordered by the Body of Licensed Accountants and Expert Accountants in Romania and is notified within 30 days, by the chartered/certified accountant before the fiscal authority where it is registered.

(5) For the court expertise, the chartered accountants may agree with their clients upon the fees, given the table of reference fees adopted by the National General Assembly.

9. Article 13 is hereby amended as follows:

“Art. 13. – Chartered and certified accountants guarantee the civil accountability of the activity undertaken thereby by underwriting an insurance policy.

10. In Article 18, after paragraph (1), two new paragraphs are inserted, namely para. (2) and (3), with the following contents:

“(2) The Body of Licensed Accountants and Expert Accountants in Romania is a professional non-profit organization.

(3) The Body of Licensed Accountants and Expert Accountants in Romania is the only competent authority that organizes and monitors the work of certified accountants and chartered accountants, as well as of companies for accounting expertise and accounting companies, namely of accounting companies.”

11. In Article 20, point (c) is amended as follows:

“c) ensures the smooth running of the activity of chartered accountants, certified accountants and accounting companies and/or companies for accounting expertise;”

12. In Article 26, paragraph (1) is hereby amended as follows:

“Art. 26 – (1) Foreign natural or legal persons, who are not resident or, as the case may be, do not have their registered office in Romania, may exercise the activity of chartered accountant or certified accountant, in accordance with the provisions of this ordinance, if they hold that qualification in their country, and lawfully carry out these activities, and if they have attended, in accordance with the rules stated by the Body of Expert and Licensed Accountants of Romania in this regard, the interview aimed at assessing their knowledge of the national legislation regarding the organization and operation of companies, as well as of the fiscal and accounting legislation.”

13. In Article 30, paragraph (1.1) is repealed.

13.1. In Article 30, paragraph (4) is hereby amended as follows:

“(4) If on the first convocation, the required number is not met, the National General Assembly is convened again. On the second convocation, the latter shall be legally convened irrespective of the number of attending members.”

14. In Article 31, point (b) is amended as follows:

“b) approves the Rules of Organization and Operation of the Body of Licensed Accountants and Expert Accountants in Romania, as well as the amendments and additions proposed thereto. The Rules of Organization and Operation, as approved, shall be submitted for endorsement to the Ministry of Justice and the Ministry of Public Finance;”

15. In Article 31, after the point (i), two new points (i.1) and (i.2) are inserted, having the following contents:

“i.1) decides on disciplinary sanctioning of the Superior Council’s members, at the proposal of the Superior Disciplinary Commission;

i.2) decides on disciplinary sanctioning of the members and president of the Superior Disciplinary Commission, upon proposal of the Superior Council;”

16. Article 32 shall be hereby amended as follows:

“Art. 32. - (1) The Superior Council represents the profession before the public authorities through its president, according to the articles of association of the Body of Licensed Accountants and Expert Accountants in Romania and coordinates the activity of the county branches.

(2) The Board of Directors shall have the following duties:

- a) chooses from among its members 5 Vice-Presidents of the Superior Council;
- b) ensures the drawing up and completion of the Regulation for the organization and functioning of the Body of Licensed Accountants and Expert Accountants in Romania, requesting the opinions of the Ministry of Justice and the Ministry of Public Finance;
- c) ensures the drawing up and completion of the National Code of Ethics for professional accountants based on the IFAC Code of Ethics;
- d) deliberates on all matters concerning the profession of chartered accountant and certified accountant;
- e) performs other duties stipulated by the law, by the Regulation on the organization and functioning of the Body of Licensed Accountants and Expert Accountants in Romania and by the decisions of the National General Assembly.

(3) The Standing Bureau of the Superior Council appoints and revokes the Chief Executive Officer, the work of which shall be conducted on the basis of an agency relationship; and performs the duties provided in paragraph (2)(e), including the decisions of the Superior Council.

(4) The President of the Superior Council is elected by the National General Assembly between the members of the Body of Expert Accountants and Authorized Accountants of Romania.

(5) The President of the Superior Council is an active member of the Body of Licensed Accountants and Expert Accountants in Romania and has a good professional and moral repute. The President can only cumulate this function with research activities or university education.

(6) The President of the Superior Council shall be elected by secret ballot for a term of four years. The President of the Superior Council may accumulate at most two consecutive terms. After the expiry of his term of office, by complying with the provisions of this paragraph, the President may be re-elected after at least one period equal to that of a term of office, under the conditions laid down in the Rules of Organization and Operation.

(7) Members and alternate members shall be elected by secret ballot for a term of four years. Members whose term is terminated may be re-elected after at least one period equal to that of a term of office, under the conditions laid down in the Organization and Functioning Regulations

(8) The provisions of paragraph (5) - (7) regarding elections are also applicable to the subsidiaries of the Body of Licensed Accountants and Expert Accountants in Romania.

(9) The President of the Superior Council represents the Body of Licensed Accountants and Expert Accountants in Romania before the public authorities, as well as in the relations with the natural and legal persons, both at the national and international levels.”

17. Article 33 (4) shall be repealed.

18. Article 33 (5) shall be amended as follows:

“5. The Superior Disciplinary Commission shall have the following powers:

a) analyzes the complaints about the members of the Superior Council guilty of ethical and professional misconduct and, where appropriate, makes a proposal for sanction to the National General Assembly, which decides accordingly;

b) settles complaints regarding deviations from the ethical and professional conduct of the presidents and members of the boards of the affiliate entities, of the presidents and members of the disciplinary committees attached to the boards of the affiliate entities, as well as of the foreign natural persons who have been recognized the right to exercise the profession of certified or authorized accountant in Romania and applies, as the case may be, the sanctions provided in Art. 17 par. (1);

c) resolves the appeals filed against the disciplinary decisions passed by the disciplinary committees of the affiliate branches;

d) applies the sanction of prohibiting the right to exercise the profession of certified accountant or authorized accountant to the members of the Body of Licensed Accountants and Expert Accountants in Romania who have committed serious misconduct, according to the Regulation.”

19. Article 33 (6) shall be amended as follows:

19.1 Article 34(3) shall be amended as follows:

“(3) If on the first convocation, the required number is not met, the National General Assembly is convened again. On the second convocation, the latter shall be legally convened irrespective of the number of attending members.”

20. Article 37 shall be amended as follows:

“Art. 37. - (1) The Body of Licensed Accountants and Expert Accountants in Romania and its affiliate entities shall cover its expenses on income, consisting of:

a) the registration fee for the examination as certified accountant, respectively an authorized accountant;

b) the fee to register with the Body of Licensed Accountants and Expert Accountants in Romania;

c) fixed and variable membership fees;

d) proceeds from the sale of its own publications;

e) donations, sponsorships;

f) other receipts from the activity of the Body of Licensed Accountants and Expert Accountants in Romania and its affiliate entities, established by the Regulation for organization and functioning.

(2) The registration fees and the contributions of the members shall be established annually by the National Assembly of Chartered Accountants and Authorized Accountants.”

21. Articles 38 and 40 are repealed.

22. Article 44 shall be amended to as follows:

“Art. 44. - (1) The decisions and regulations of general interest adopted by the Superior Council, the Standing Bureau and the National Assembly shall be published in the Official Gazette of Romania, Part I, within 30 days from its adoption.

(2) The non-publication of the decisions and regulations under the conditions provided for in para. (1) makes them non-opposable to members of the Body of Licensed Accountants and Expert Accountants in Romania or to other natural and legal persons.

(3) The Rules of Organization and Operation shall determine which are the decisions and regulations of general interest.”

23. After Article 44.1, three new articles, art. 44.2 – 44.4, shall be inserted, having the following contents:

“Art. 44.2. – The Body of Licensed Accountants and Expert Accountants in Romania draws up proposals for amending and supplementing the normative acts regulating the work of certified accountants and authorized accountants and submits them to the Ministry of Public Finance for analysis and promotion.

Art. 44.3. - The Body of Licensed Accountants and Expert Accountants in Romania, the Ministry of Public Finance and/or the National Agency for Fiscal Administration may, based on the protocol, exchange the information necessary for the application of the Accounting Law no. 82/1991, republished, as amended and supplemented by this Ordinance.

Art. 44.4. - The Body of Licensed Accountants and Expert Accountants in Romania and the National Trade Register Office shall provide free of charge the exchange of information necessary for the application of this Ordinance.

Title V - TRANSITIONAL AND FINAL PROVISIONS

Art.88 – (1) This law enters into force three days after its publication in the Official Gazette of Romania, Part I, except for the provisions of Art.44, which become effective 30 days after its publication in the Official Gazette of Romania, Part I.

(2) With effect from the date of entry into force of this law, the following shall be repealed:

- a) GEO no. 90/2008 concerning the statutory audit of annual financial statements and annual consolidated financial statements and the public oversight of the accounting profession, published in the Official Gazette of Romania, Part I, no. 481 of 30 June 2008, approved with amendments by Law no. 278/2008, as subsequently amended and supplemented;

(3) Government Emergency Ordinance no. 75/1999 regarding the financial audit activity, republished in the Official Gazette of Romania, Part I, no. 598 of 22 August, 2003, as subsequently amended and supplemented, as well as the amendments provided by this law, shall be republished in the Official Gazette of Romania, Part I, after its approval by law, giving the texts a new numbering.

(4) Regulation on the organization and functioning of the Chamber shall be adopted within one year from the date this law becomes effective.

(5) Government Resolution no. 433/2011 concerning the approval of the Regulation on the organization and functioning of the Chamber of Financial Auditors of Romania, published in the Official Gazette of Romania, Part I, no. 345 of 18 May 2011, is repealed at the time the Regulation on the organization and functioning of the Chamber are adopted in compliance with the provisions of para. (4). Until the approval of a new Regulation for the organization and functioning of the Chamber of Financial Auditors in Romania, the Chamber of Financial Auditors in Romania operates under the regulations in force.

Art. 89. – (1) The term of office of the members of the Superior Council of the Council for the Public Interest Oversight of the Accountancy Profession shall come to an end once this law becomes effective.

(1) ASPAAS shall substitute itself in connection with all the rights and obligations resulting from all legal acts, contracts, conventions, agreements, protocols, memoranda and other such arrangements, as well as in what regards all litigations of the oversight body established in compliance with Art. 53 of EGO 90/2008, approved with Law no. 278/2008, as subsequently amended and supplemented.

Art.90. – (1) Until the enforcement of the regulations issued by applying this law, the legal acts issued by the Council for the Public Interest Oversight of Statutory Audit and the Chamber of Financial Audit of Romania remain valid.

(2) Within 12 months from the date this law becomes effective, any protocol or agreement CAFR has concluded with other entities concerning areas where ASPAAS is the competent authority, according to this law, shall be updated.

(3) The update of protocols or agreements is done either by including ASPAAS as part thereof, or by concluding new agreements, as the case may be.

Art.91. - When directly applying the provisions of Regulation 537/2014/EU, any reference to legal audit or to legal auditor is considered to be a reference to statutory audit or to financial auditor.

Art. 92. - Natural persons who have acquired the capacity of financial auditor prior to the date this law became effective, in compliance with the law, may perform the activities stipulated in this law, including statutory audit.

Art.93. – The provisions of Art. 62(2) and Art. 63(2) shall apply for the agreements concluded prior to the date this law becomes effective.

Art. 94. - The complaints received by the Council for the Public Oversight of the Statutory Audit Activity under the provisions of art. 81.1 par. (5) of Government Emergency Ordinance no. 90/2008, approved with amendments by Law no. 278/2008, as subsequently

amended and supplemented , not resolved at the moment of entry into force of this law, shall be solved by ASPAAS.

Art.95. – (1) When this law becomes effective, the prerogatives which may be delegated by ASPAAS to CAFR in compliance with the provisions of Art. 52 are rightfully delegated, under the oversight and control of ASPAAS, for a period of one year.

(2) To the purpose of exercising the prerogatives delegated under para. (1), CAFR will apply the regulations which exist at the date when this law becomes effective, until ASPAAS will issue their own specific regulations for the delegated tasks.

(3) Upon the expiry of the delay mentioned under para. (1), the delegation of tasks rightfully ceases and the provisions of Art. 52 become applicable.

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This law transposes the Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC of the European Parliament and of the Council of 16 April 2014 on statutory audits of annual accounts and consolidated accounts, published in the Official Journal of the European Union no. L. 158 of 27 May 2014.

This law was adopted by the Parliament of Romania, in compliance with the provisions of Art. 75 and Art. 76(1) of the Constitution of Romania, the republished version.

**For the PRESIDENT
OF THE CHAMBER OF DEPUTIES**

**PRESIDENT
OF THE SENATE**

PETRU – GABRIEL VLASE

CĂLIN POPESCU-TĂRICEANU

Disclaimer:

The English version is an unofficial in-house translation of the original in Romanian language for information purposes only. In case of a discrepancy, the Romanian original will prevail.

Bucharest
2017