

Contents

Chapter 1 Introduction.....	17
1. Romania – geography, population, culture.....	17
2. History.....	17
3. Economy.....	18
4. Foreign investment and cooperation with international economic organizations.....	18
5. Legislation.....	19
6. Dynamics.....	19
Chapter 2 Forms of doing business	22
1. General.....	22
2. Main regulations	22
3. Types of business entities	23
4. Commercial companies.....	23
4.1. Types of commercial companies.....	23
4.2. Formation	24
4.3. Operation of commercial companies	30
4.4. Amendment of the constitutional documents	37
4.5. Merger and split-off	37
4.6. Dissolution and liquidation	38
4.7. Distribution of profits	39
4.8. Civil and criminal sanctions.....	40
5. Foreign companies carrying out activities in Romania	40
5.1. General	40
5.2. Subsidiaries.....	40
5.3. Branches	40
5.4. Representative offices.....	40
6. Regies autonomes	41
7. Economic interest groups	41
8. European economic interest groups	42
9. Authorized persons, individual enterprises and family enterprises.....	43
Chapter 3 Investments.....	45
1. General.....	45
2. Main regulations	45
3. Investment facilities.....	46

3.1.	Preliminary remarks	46
3.2.	General schemes of regional aid	47
3.3.	Industrial parks	48
3.4.	Small and medium enterprises	51
3.5.	Deprived areas	53
3.6.	Free zones	55
3.7.	Other incentives	56
4.	Foreign investments	56
4.1.	General	56
4.2.	Specific currency and financial rules	57
4.3.	Foreign investments by acquisition of T-bonds	58
4.4.	Foreign investments litigations	58
Chapter 4 Privatization		60
1.	General.....	60
2.	Main regulations.....	60
3.	Institutions and authorities involved in the privatization process	60
3.1.	The Government.....	61
3.2.	Public institutions involved.....	61
3.3.	Romanian Agency for Foreign Investments	62
4.	General rules of privatization.....	62
4.1.	The principles of privatization	62
4.2.	General Rules	64
5.	Privatization methods	65
5.1.	Sale of shares	65
5.2.	Share capital increase	69
5.3.	Sale of assets	70
5.4.	Privatization at the symbolic price of 1 Euro	71
5.5.	Incorporation of joint venture companies.....	71
6.	Privatization of utility suppliers	72
7.	Discharge of obligations deriving from the privatization contract.....	72
7.1.	Guarantees for complying with the obligations undertaken under the privatization contract	72
7.2.	The share sale purchase agreement and the pledge agreement are deemed as enforceable titles.....	72
7.3.	Termination of the privatization contract	72
8.	Post-privatization control.....	73

Chapter 5 Insolvency.....	74
1. General.....	74
2. Main regulations	74
3. Entities subject to insolvency procedure.....	75
3.1. Entities subject to general insolvency procedure.....	75
3.2. Entities subject to simplified insolvency procedure.....	75
4. Mandatory conditions for the commencement of the insolvency procedure.....	75
5. Procedures.....	76
5.1. Judicial reorganization	76
5.2. Bankruptcy	77
6. Official bodies implementing the insolvency procedure.....	78
6.1. The court.....	78
6.2. The syndic judge.....	78
6.3. Creditors' assembly.....	79
6.4. Special administrator.....	79
6.5. The receiver.....	80
6.6. The liquidator.....	80
7. Banking bankruptcy.....	81
8. International private law relations regarding insolvency.....	82
8.1. Harmonized EU insolvency rules (source: European Commission).....	82
8.2. Subsequent Romanian insolvency related enactments on	84
international private law	
Chapter 6 Taxation.....	86
1. General	86
2. Main regulations	86
3. Direct Taxes.....	86
3.1. Profit tax.....	86
3.2. Representative office tax. Turnover tax	93
3.3. Individuals Income Tax	94
3.4. Taxation of Non-residents.....	98
4. Indirect Taxes.....	101
4.1. Value Added Tax (VAT)	101
4.2. Excises.....	103
4.3. Customs Duties.....	104
5. Local Taxes and Duties	104
5.1. General issues	104
5.2. Categories of local taxes and duties.....	104
6. Judicial and extra-judicial stamp duty, notary public stamp duty	106

6.1.	Judicial Stamp Duty	106
6.2.	Extra-judiciary Stamp Duties	107
7.	Fiscal Procedure.....	107
7.1.	Collection of Budgetary Debts	107
7.2.	Fiscal acts challenging means	107
7.3.	Payment incentives	108
Chapter 7 Accounting system.....		109
1.	General.....	109
2.	Main Regulations.....	109
3.	Entities subject to accountancy regulations	109
4.	Accountancy operations	110
5.	Language and currency used for accounting purposes	111
6.	Corporate accountancy	111
7.	Accounting books	111
7.1.	Journal – Ledger.....	111
7.2.	Inventory – Ledger	111
7.3.	General Ledger	111
8.	Annual financial statements. International Financial Reporting Standards.....	112
9.	Accountancy provisions of the Company Law No. 31/1990.....	113
10.	Provisions on auditors of the open companies established by Law no. 297/2004 regarding securities, financial investments services and securities markets.....	114
11.	Expert and chartered accountants	115
11.1.	Qualifying as expert accountant or chartered accountant.....	115
11.2.	Attributions of chartered accountants and of expert accountants.....	115
11.3.	Experts and Chartered Accountants Professional Body.....	116
12.	Financial auditing.....	116
Chapter 8 Banking system.....		117
1.	General.....	117
2.	Main regulations.....	117
3.	The National Bank of Romania.....	118
3.1.	National Bank of Romania's powers.....	118
3.2.	Operations performed by the National Bank of Romania.....	118
3.3.	Legal status of the National Bank of Romania.....	119
4.	Commercial banks.....	120
4.1.	Concept of "Credit Institution" and "Bank" under GEO no. 99/2006. Credit institution types.....	120
4.2.	Incorporation and operation of Romanian credit institutions.....	120

4.3.	Organization of foreign credit institutions' activity.....	123
4.4.	Banking secrecy.....	125
4.5.	Prudential requirements.....	126
4.6.	Prohibited transactions.....	126
5.	Privatization of State-owned banks.....	127
5.1.	Privatization methods.....	127
5.2.	Privatization process limits.....	127
6.	Organization and operation of the Authority for State Assets Recovery.....	128
7.	Bank deposits protection fund.....	128
8.	The Credit Bureau (Biroul de Credit).....	129
Chapter 9 Currency regulations.....		130
1.	General.....	130
2.	Main regulations.....	130
3.	Currency operations.....	130
3.1.	Current.....	131
3.2.	Capital operations.....	131
3.3.	Reporting of some capital operations with NBR.....	132
4.	Currency market.....	133
5.	Participants on the currency market.....	133
5.1.	Residents.....	133
5.2.	Non-residents.....	134
6.	Cash in/out of the European Union.....	134
7.	Non-residents right to hold amounts in RON.....	134
8.	Currency operation control.....	135
Chapter 10 Capital Markets.....		136
1.	General.....	136
2.	Main regulations.....	136
3.	Capital market structure.....	137
4.	The National Securities Commission ("NCS").....	137
5.	Regulated markets and their operators.....	138
6.	Supervision of regulated markets.....	139
7.	Listing of securities.....	139
8.	Public offerings.....	139
9.	Special governance rules for listed companies.....	140
10.	Market transparency and investor equality.....	141
11.	Investors' Compensation Fund.....	141
12.	Financial investment services companies.....	141

13. Investment consultancy services.....	143
14. The Central Depository.....	143
15. Financial auditors.....	143
16. Undertakings for Collective Investments in Transferable Securities.....	144

Chapter 11 Labor and social security..... 146

1. General.....	146
2. Main regulations.....	146
3. Individual Labor Contract.....	146
3.1. Form of the Individual Labor Contract.....	146
3.2. Entering the labor contract.....	147
3.3. Observance of the minimum rights.....	148
3.4. Special types of individual labor contracts.....	148
3.5. Special provisions.....	149
3.6. Salaries.....	150
3.7. Working hours.....	151
3.8. Paid leaves.....	152
3.9. Suspension of the individual labor contract.....	152
3.10. Termination of individual labor contract.....	153
3.11. Social protection measures for employees, in case of transfer of business.....	156
4. Employees' liability.....	157
4.1. Internal regulations.....	157
4.2. Disciplinary liability.....	157
5. Foreigners working in Romania.....	158
6. Collective bargaining contract.....	159
6.1. Negotiation obligation.....	159
6.2. Execution of collective bargaining contract.....	160
6.3. Contract content and registration.....	160
6.4. Contract performance, amendment, suspension and termination.....	160
7. Labor associations.....	161
7.1. Trade Unions.....	161
7.2. Employers' Associations.....	161
7.3. The Economic and Social Council.....	162
7.4. Labor conflicts.....	162
8. Settlement of labor conflicts and litigation.....	164
8.1. Panel of judges.....	164
8.2. Procedural rules derogating from the common law.....	165
9. Social security.....	165
9.1. Contributions to the public pension system and other social security funds.....	165

9.2.	Contribution to the unemployment security budget.....	166
9.3.	Contribution to the health social security fund.....	166
9.4.	Contribution to the National Insurance Fund for Work Accidents and Professional Diseases.....	167
9.5.	Contribution to the Salaries Guarantee Fund.....	167
9.6.	Contribution to the National Fund for Social Health Insurances.....	167
9.7.	Sanctions imposed on employers for failing to pay the amounts withheld as contributions to the social security funds.....	168
Chapter 12 Customs.....		169
1.	General.....	169
2.	Main regulations.....	169
3.	Types of customs procedure.....	170
3.1.	Release for free circulation.....	171
3.2.	Export.....	173
3.3.	Customs Transit.....	173
3.4.	Custom Warehouses.....	175
3.5.	Inward Processing.....	176
3.6.	Outward Processing.....	177
3.7.	Processing under customs control.....	177
3.8.	Temporary admission.....	177
4.	Customs related information.....	178
5.	Complaints and appeals against acts of the customs authorities.....	178
6.	Simplified customs clearance procedures.....	179
7.	Free zones.....	179
8.	E-customs.....	180
Chapter 13 Consumer protection.....		182
1.	General.....	182
2.	Main regulations.....	182
3.	Consumers' rights.....	184
4.	Traders' obligations.....	185
5.	Guarantees and quality for products and services.....	186
6.	Protection of the consumers. Abusive Clauses.....	187
7.	Unfair, Misleading and Aggressive Commercial Practices.....	188
7.1.	Unfair Commercial Practices.....	188
7.2.	Misleading Commercial Practices.....	188
7.3.	Aggressive Commercial Practices.....	188
8.	Organizations responsible for protecting consumers' rights.....	189

8.1.	National Authority for Consumers' Protection ("NACS").....	189
8.2.	Consumers' Protection Associations ("CPA").....	190
8.3.	Consumers' Protection Consulting Councils ("CPCC").....	190
8.4.	Inter-ministerial Council for Quality Control and Synchronization of Technical Regulations (the "Council").....	191
8.5.	Inter-ministerial Committee for the Product and Services Market Supervision and Consumer Protection (the "Committee").....	191
Chapter 14 Intellectual property.....		192
1.	General.....	192
2.	Main regulations.....	192
2.1.	Industrial property.....	192
2.2.	Literary and artistic property.....	192
2.3.	Supplementary enactments.....	193
3.	Competent Authorities.....	193
3.1.	State Office for Patents and Trademarks („OSIM").....	193
3.2.	The Romanian Copyright Office („ORDA").....	193
4.	Inventions.....	194
4.1.	Patentability.....	194
4.2.	Patent Application and Procedure.....	194
4.3.	Protection period.....	195
4.4.	Rights resulting from the patent.....	195
4.5.	Assignment of rights.....	195
4.6.	Supplementary Protection Certificates for Medical Products and Plants.....	195
4.7.	Paediatric extensions.....	196
5.	Industrial designs and models.....	196
5.1.	Registration terms and conditions.....	196
5.2.	Registration certificate.....	196
5.3.	Protection period.....	197
5.4.	Rights resulting from the registration certificate.....	197
5.5.	Assignment of rights.....	197
6.	Semiconductor products' topographies.....	197
6.1.	Registration terms.....	197
6.2.	Registration certificate.....	197
6.3.	Protection period.....	198
6.4.	Rights conferred by the registration certificate.....	198
6.5.	Assignment of rights.....	198
7.	Trademarks.....	198
7.1.	Registration terms.....	198

7.2.	Registration certificate.....	199
7.3.	Protection period.....	199
7.4.	Rights resulting from the registration certificate.....	199
7.5.	Assignment of rights.....	200
8.	Copyright.....	200
8.1.	Copyright terms	200
8.2.	Subject matter of a copyright.....	201
8.3.	Protection period.....	201
8.4.	Rights protected by copyright.....	201
8.5.	Copyright transmission.....	202
9.	Copyright neighbouring rights.....	202
9.1.	Acknowledgement terms.....	202
9.2.	Neighbouring rights.....	202
9.3.	Protection period.....	203
9.4.	Attributes of the neighbouring rights.....	203
9.5.	Transmission of the neighbouring rights.....	203
9.6.	Collective societies.....	203
10.	Employees' intellectual property.....	204
11.	Protection of the intellectual property during customs operations.....	204
Chapter 15 Competition.....		205
1.	General.....	205
2.	Main regulations.....	205
3.	Competent Authorities.....	206
4.	Economic concentration.....	206
4.1.	Economic concentration definition. Transactions considered as economic concentrations. Territorial jurisdiction.....	206
4.2.	Definition of control.....	206
4.3.	Turnover threshold.....	207
4.4.	Dominant position.....	207
5.	Anti-competitive practices.....	208
5.1.	Preliminary remarks.....	208
5.2.	Acts that may qualify as anti-competitive practices according to the Competition Law.....	208
5.3.	Abuse of dominant position.....	209
5.4.	Sanctions.....	209
6.	Unfair competition.....	210
7.	State aid general framework.....	211
8.1.	Pre-accession legal framework.....	211

8.2.	Post-accession legal framework.....	212
Chapter 16 PPP & Concession.....		215
1.	General.....	215
2.	Main regulations.....	215
3.	Concession contracts.....	215
3.1.	Principles and general rules.....	215
3.2.	Concession contracts for public works and services.....	216
3.3.	Publicity for the award of concession contracts.....	217
3.4.	Appeals.....	217
3.5.	Cases when the contracting authority is not bound to apply GEO no. 34/2006...	217
3.6.	Concession contracts for public assets.....	218
3.7.	Special Rules - Specific Types of Concession.....	219
Chapter 17 Insurance.....		223
1.	General.....	223
2.	Main regulations.....	223
3.	Insurance contract.....	224
4.	Main insurance types provided by insurance companies.....	224
4.1.	Assets insurance.....	224
4.2.	Personal insurance.....	225
4.3.	Liability insurance.....	226
4.4.	Credits and guarantee, financial loss and other insurance.....	228
5.	Insurance companies and insurance brokerage companies.....	229
5.1.	Insurance companies.....	229
5.2.	Special legal requirements for the operation of insurance companies.....	230
5.3.	Protection funds.....	231
5.4.	Insurance brokers.....	232
5.5.	Insurers and Insurance Brokers Register.....	233
6.	Foreign insurers in Romania.....	233
6.1.	Insurers established in EU.....	233
6.2.	Insurers located in non EU member states.....	234
7.	Insurance Supervisory Commission.....	235
8.	Fiscal regime.....	236
Chapter 18 Environmental protection.....		237
1.	General.....	237
2.	Main regulations.....	237
3.	Environmental protection.....	238

3.1.	Competent authorities.....	238
3.2.	Obligations of individuals and legal entities.....	238
3.3.	Responsibility for activities affecting the environment.....	239
4.	Authorization of activities having an impact on the environment.....	240
4.1.	Environmental Permit. Environmental Authorization.....	240
4.2.	Environmental audit. Impact studies.....	241
4.3.	The environmental permit for privatization/ notification on change of circumstances used for issuance of the environmental permit/authorization.....	242
5.	Products, toxic substance and waste regime.....	243
6.	National System for environmental monitoring.....	243
7.	Climate change / greenhouse gas emissions in Romania.....	243
Chapter 19 Litigation and arbitration.....		246
1.	General.....	246
2.	Main regulations.....	248
3.	Organization and Functioning of the Judicial System.....	249
3.1.	Structure, Composition of the Panels of Judges and Competence of the Courts of Law.....	249
3.2.	Judging Procedure.....	254
4.	Forced Execution.....	259
4.1.	General.....	259
4.2.	Forced Execution Officers.....	259
4.3.	Writs of execution.....	260
4.4.	Challenging the Forced Execution.....	260
4.5.	Restoration of the Execution Object.....	260
5.	Other Authorities with Judicial Activities.....	261
5.1.	Overview.....	261
5.2.	The Constitutional Court.....	261
6.	Arbitration in Romania.....	261
6.1.	General.....	261
6.2.	The International Commercial Arbitration Court of the Chamber of Commerce and Industry of Romania.....	262
6.3.	Categories of Disputes Subject to Arbitration.....	262
6.4.	Ad-Hoc Arbitration.....	263
6.5.	Institutional Arbitration.....	264
6.6.	International Arbitration.....	264
6.7.	Other Romanian Arbitration Institutions.....	268

Chapter 20 Leasing operations.....	270
1. General.....	270
2. Main regulations.....	270
3. Definition.....	270
4. Types of leasing operations.....	270
4.1. Financial leasing.....	271
4.2. Operational leasing.....	271
4.3. Leasing agreement.....	271
5. Non-banking financial institutions.....	272
6. Customs procedures.....	273
7. Tax aspects.....	273
8. Currency system.....	274
Chapter 21 Legal regime of real guarantees.....	275
1. General.....	275
2. Main regulations.....	275
3. Real estate security interests (mortgages).....	275
3.1. Types of Mortgages.....	275
3.2. Mortgages registration formalities.....	276
4. Security interests on movable assets.....	276
4.1. Traditional frameworks.....	276
4.2. Development in the law.....	277
Chapter 22 Electronic communications.....	280
1. General.....	280
2. Main regulations.....	280
3. Competent public authorities in electronic communications sector.....	281
3.1. The Regulatory Authority.....	281
3.2. Ministry of Communications and Information Technology.....	283
4. General authorization regime and licenses.....	284
4.1. General authorization regime.....	284
4.2. Licenses.....	285
5. Rules applicable to network and services providers having significant power on the market.....	286
6. Rules on settling disputes between providers.....	287
7. Access to and interconnection of the electronic communications networks and the related infrastructure.....	287
8. Rights of access to properties.....	288
9. Universal service principle and users protection.....	289

10. Consultation procedure.....	290
Chapter 23 Energy.....	291
1. General.....	291
2. Main regulations.....	291
3. Electricity and thermal power.....	292
3.1. General.....	292
3.2. Special regime of thermal power produced at a centralized level.....	303
Chapter 24 Advertising.....	307
1. General.....	307
2. Main regulations.....	307
3. Illegal advertising.....	307
4. Regime of misleading and comparative advertising.....	308
5. Special provisions regarding the advertising of certain products.....	309
6. Liabilities for infringement.....	311
7. Advertising broadcasted by audio-visual channels or teleshopping.....	311
Chapter 25 Pharmaceuticals.....	314
1. General.....	314
2. Main regulations.....	314
3. Competent public authorities.....	315
3.1. The Ministry of Health.....	315
3.2. The National Health Insurance House.....	315
3.3. The National Agency for Medicines and Medical Devices.....	316
4. Marketing authorization procedure.....	316
5. Distribution.....	317
6. Pricing.....	318
7. Reimbursement.....	318
8. Advertising and promotion.....	319
9. Clinical trials.....	321
Chapter 26 E-commerce.....	322
1. General.....	322
2. Main regulations.....	322
3. Information society services. Principles of providing information society services.....	322
3.1. General.....	322
3.2. Information services supply rules.....	323
4. Transmitting information on information society service providers.....	323

5.	Commercial communication by e-mail.....	324
6.	Contract conclusion through electronic means.....	324
7.	Service provider's obligations.....	325
7.1.	General.....	325
7.2.	Caching storage.....	325
7.3.	Hosting storage.....	326
8.	Distance contracts.....	326
9.	Unilateral termination of distance contracts.....	327
10.	Legal regime of electronic deeds.....	328
11.	Electronic signature certification services.....	328
11.1.	General.....	328
11.2.	Qualified certification services	329
12.	Evolution of E-commerce law.....	330

Chapter 27 Commodities exchange331

1.	General	331
2.	Main regulations.....	331
3.	Main features of a commodities exchange	331
4.	Brokers and brokerage companies	332
5.	Commodity exchange transactions	332
5.1.	Spot markets.....	332
5.2.	Derivatives markets	332

Chapter 28 Bill of exchange, promissory note and cheque333

1.	General.....	333
2.	Main regulations.....	333
3.	Formal requests	334
3.1.	The bill of exchange.....	334
3.2.	The promissory note	335
3.3.	The cheque	335
4.	Transfer of the rights resulting from the bill of exchange	336
4.1.	The endorsement.....	336
4.2.	Debt assignment.....	337
4.3.	Remittance.....	337
4.4.	Acceptance	338
5.	The guarantee.....	338
6.	Presentation on payment	338
6.1.	Term.....	338
6.2.	Procedure	339

6.3.	The effects of failing to present on payment.....	339
7.	Procedure in case of failure to pay	340
7.1.	Protest for failure to pay.....	340
7.2.	Payment Incident Bureau ("PIB").....	341
7.3.	Execution	341
8.	The procedure to follow if the title is lost.....	342
Chapter 29 Property and construction.....		343
1.	General.....	343
2.	Main regulations.....	343
3.	Land Property.....	344
3.1.	Foreigners right to acquire ownership right in land	344
3.2.	Legal instruments	345
3.3.	Real estate restitution	350
4.	Legal regime of constructions	351
4.1.	Acquisition of the ownership right over constructions by foreigners.....	351
4.2.	Construction legal framework	351
4.3.	The construction authorization procedure	353
Chapter 30 Public procurement.....		356
1.	General.....	356
2.	Main regulations.....	356
3.	Parties in a public procurement contract.....	356
4.	Cases when the contracting authority is not bound to apply GEO no. 34/2006.....	357
4.1.	General cases.....	357
4.2.	Specific cases	358
5.	Types of contracts	359
6.	Procedures for awarding public procurement contracts	359
6.1.	Types of procedures	359
6.2.	Negotiation procedure	360
6.3.	Special methods for awarding public procurement contracts.....	362
7.	Publicity for the public procurement contracts awarding procedure.....	362
8.	Criteria that the bidder/candidate must meet in order to participate in public procurement contracts	363
9.	Award documentation	364
10.	Cancelling the award procedure for a public procurement contract	364
11.	Conclusion of the public procurement contract.....	365
12.	Appeals	365

Chapter 31 Data protection	367
1. General.....	367
2. Main regulations.....	367
3. Purpose of the regulations	367
4. General and special rules regarding the processing of personal data.....	368
4.1. General rules	368
4.2. Special rules	369
5. Rights of the concerned person, in the context of the processing of personal data.....	369
6. Oversight authority	371
7. Transfer of personal data abroad.....	372
8. Processing of personal data in the electronic communications sector	373
9. Data Retention	374
Chapter 32 Oil, gas and natural resources	375
1. General.....	375
2. Main regulations.....	375
3. Oil	376
3.1. Competent authority	376
3.2. Right of use and access to oil fields	376
3.3. National oil transport system	377
3.4. Concession in the oil sector.....	377
4. Natural Gas	379
4.1. Natural Gas Sector Policies	379
4.2. Competent authority.....	379
4.3. Production, transport, transit, distribution, storage and supply of natural gas.....	380
4.4. Authorizations and licenses	381
4.5. Certification in the natural gas sector	382
4.6. Access and access denial to SNT	382
4.7. Concession in the natural gas sector.....	383
4.8. Prices and tariffs	383
5. Mineral Resources	384
5.1. Mining activities	384
5.2. Competent Authority	384
5.3. Concession in the mining sector.....	385
5.4. Mine Closure.....	388