Chapter 4

Privatization

1. General

In Romania, the privatization process started in 1992, after the Parliament passed the first privatization law and established the public institutions in charge of the process. A legislative process, divided into several stages, has accompanied the entire privatization cycle of State-owned companies. Aiming at a more comprehensive and far-reaching set of legal means and market driven instruments, meant to adapt, improve and develop the initial legislation. This reflects specific governmental policies and political options, promoted by all Cabinets that have been in power over the last 20 years in Romania.

In the past years, the relevant authorities have focused on two major issues related to privatization: the completion of the privatization process of companies in which the State still holds the majority stock and the management of the post-privatization process for companies already transferred to private hands. This is done by monitoring how investors comply with their contractual obligations undertaken. Each of these two topics is subject to specific legislation. Another issue that is currently addressed by the relevant authorities is the sale of minority stock still held by the State in some of previously privatized companies.

2. Main regulations

The privatization sector is mainly governed by the following regulations:

- Government Emergency Ordinance No. 88/1997 on the privatization of the commercial companies, as amended to date ("**GEO No. 88/1997**");
- Law No. 137/2002 regarding certain measures for privatization acceleration as amended to date ("**Law No. 137/2002**" or "**The Law for the privatization acceleration**");
- Government Decision No. 577/2002 for the approval of the Methodological Norms for the application of GEO No. 88/1997 and Law No. 137/2002 ("**Methodological Norms**") as amended to date;
- Government Ordinance No. 25/2002 on post-privatization control, as amended to date.

3. Institutions and authorities involved in the privatization process

The main bodies, which play essential parts in the privatization sector, are the Government and the so-called involved "public institutions". The latter category includes the Authority for State Assets Administration ("AAAS") formerly named the Authority for State Assets Recovery ("AVAS"), the Office of State Ownership and Privatization in Industry ("OPSPI"), the Department for Energy within the Ministry of Economy, the State Domain Agency ("ADS"), relevant ministries and the local public administration authorities. The decision-making authority, regarding the general strategies and policies, belongs to the Government. The task of their implementation and enforcement in each company subject to privatization belongs to the public

institutions involved, either in accordance to the mandate established by the general norms, or based on a special mandate, granted through Government decision for each particular case.

3.1. The Government

The Government ensures implementation of the overall privatization policy and controls activity of the ministries and other public institutions with privatization competencies, takes mandatory measures for the acceleration and completion of the privatization process and is responsible before the Parliament for the fulfillment of these goals.

Consequently, the Government has, *inter alia*, the following main powers:

(i) approving national privatization strategy;

(ii) stablishing the list of companies earmarked as being of strategic interest;

(iii) taking other steps necessary for privatization purposes, in its capacity as central authority of the process.

3.2. Public institutions involved

The State's rights and obligations in its position as shareholder in companies undergoing privatization are exercised via the public institutions involved. They are entrusted with the performance of the entire privatization process, starting with the preparation of the privatization strategy until completion and privatization contract execution.

3.2.1. Ministries exercising shareholders rights and regulatory oversight on State-owned companies

3.2.2. AAAS (formerly AVAS)

The Authority for State Assets Administration ("AAAS"), formerly the Authority for State Assets Recovery ("AVAS"), main responsibilities in the field of privatization are:

(i) the implementation of the Government's strategy regarding the privatization process

(ii) finalization in the commercial companies in its portfolio;

(iii) exercising the state's rights as shareholder in companies in its portfolio;

(iv) overseeing implementation of privatization agreements (so-called "post privatization control powers").

3.2.3. The Ministry of Energy

Based on Emergency Ordinance no. 86/2014 establishing certain reorganization measures at the level of central public administration and amending and supplementing certain normative acts, the Ministry of Energy was established by taking over activities pertaining to the former Department for Energy ,the Department for Small and Medium Enterprises, Business Environment and Tourism (exlcuding activities pertaining to tourism).

As of 17 December 2014, the Ministry of Energy took over from the Ministry of Economy, Trade and Tourism (formerly theMinistry of Economy). The latter's role as a public institution involved the privatization process of the state and national companies acting in the production, distribution and supply of electricity and thermal energy sector. Also in the exploitation, processing and evaluation of mineral resources of energy: coal, uranium, oil and gas sector, as well as for their subsidiaries, and perform its activities as shareholder of the aforementioned state and national companies.

The Ministry of Energy is authorized to mandate its representatives within the general meetings of shareholders to decide on the amendments brought to the articles of association of the relevant state and national companies acting in the energy and natural resources sectors.

Additionally, the Ministry of Energy performs post-privatization monitoring of the fulfillment of clauses from the share sale-purchase agreements concluded in the privatization process of the state and national companies.

3.2.4. OPSPI

Currently, the Office of State Ownership and Privatization in Industry is as a public institution with legal personality, subordinated to the Ministry of Economy, Trade and Business Environment ("Ministry of Economy"). OPSPI operates under the coordination of the Minister of economy, and exercises the attributions of the Ministry of Economy as a public institution involved in the privatization process of its field of activity. OPSPI carries out, on behalf of the Ministry of Economy, the activities related to its capacity as a shareholder of state and national companies and of other companies in its portfolio. This is conducted within the limits of competencies approved by order of the Minister of economy.

As an institution involved in the privatization process, OPSPI fulfills the following main attributions:

(i) ensures the implementation of the Government's strategy regarding the fulfillment of the process for attracting the investments/privatization of economic operators from the Ministry of Economy portfolio (e.g. mining, defense industry, other activities);

(ii) manages, on behalf of the Ministry of Economy, the economic operators in its portfolio;

(iii) prepares privatization, proposes and implements privatization strategies;

(iv) supervises the fulfillment of privatization agreements;

(v) establishes and proposes subsidies granted to the economic operators;

(vi) develops the main elements of the mandate agreement concluded with the privatization operators for the sale of state shareholdings in various companies owned by the Ministry of Economy.

3.2.5. Local public authorities

Local Public Authorities are public institutions involved in the privatization of companies established in order to carry out activities of public interest or resulted from the former *regies autonomies* of local/county interest and in municipal utilities companies.

The local public authorities also play an important role in the privatization process, such as:

- the establishment, reorganization and privatization of the *regies autonomies* of local/county interest of companies in their portfolio;
- exercising shareholder rights of the companies in their portfolio.

4. General rules of privatization

4.1. The principles of privatization

4.1.1. Transparency of the privatization process

Established as a matter of principle, transparency in carrying out the privatization process is intended to be ensured, through several mechanisms, such as:

a) The Sale Notice

Any stock sale is preceded by a sale notice, or, as the case may be, a sales offer valid for minimum 30 days and not exceeding 180 days. Such notice or offer is posted at the headquarters of the public institution involved, at the headquarters of the company subject to privatization and published in widely circulated local and national newspapers. The sale of large and medium sized companies is also advertised electronically and published in international newspapers.

b) Presentation Document

The account of the technical, economical, financial and legal information relating to the privatization procedure and the company subject to privatization are comprised in a presentation document., Depending on the privatization method and on the volume of the stock to be privatized, this document is called either “presentation file”, “offer document” or “prospectus” (as in case of the offerings launched on the capital markets), or “presentation datasheet” (a simplified presentation document, used for the sale of less than 33% of the company’s share capital, or of residual stock derived from increases of capital through the value of land).

The presentation document will also include the selection criteria regarding the financial, technical and organizational resources, defining the eligible investors, data regarding the minimum investment (as the case may be), the business plan (for instance, in case of the privatization through public auction), the environment-related obligations of the privatized company and incentives in budgetary debts payment, etc.

The presentation document must be made available to potential buyers upon requesting exchange of a fee established by the public institution involved.

c) Direct access to data and information

The potential investors may request, in writing, access to data regarding the company before and after the presentation file is made available in order to undertake their own audit of the status of the company undergoing privatization. Such access is subject to payment of a fee and to a confidentiality agreement being executed. Any potential investor is entitled to unhindered access to any information and data concerning the company except for confidential data or information.

d) Budgetary debts certificate

When the sale refers to stocks more than 33%, the budgetary debts of the relevant company are ascertained by budgetary debts certificates issued by the relevant budgetary creditors.

e) Environmental permit

The environmental permit is issued by the relevant environmental authority and comprises the environmental obligations of the company undergoing privatization.

4.1.2. Sale at market price

The public institution involved has the obligation todraft an evaluation report for the offer price determination purposes in the following cases:

(i) the sale of more than 33% of stock is intended and the relevant company's net accounting assets are in excess of 50% of the total assets

(ii) there is a share capital increase of the state-owned companies and/or of their branches in cash or in kind

(iii) the assignment of shares held by the state-owned companies or by their branches in mixed capital companies.

If an expert evaluation report is not drafted, the offer price shall be the highest of:

(i) the average value of the daily quotations of the last 12 months preceding the sale notice (in case of sale of shares listed on a regulated market);

(ii) the value calculated by the public institution involved using a simplified evaluation report, based on the financial information issued by the commercial company;

(iii) the face value of shares.

Shares may be sold at the market price acquired from the inquiry/offer ratio, even if it is less than the offer price. The public institution involved will be the sole authority in deciding upon the entry of shares sale-purchase contracts. They take into account not only the price calculated based on mechanisms specific to each privatization method but also other aspects. (i.e.: investments, creation of new jobs etc.).

The public institution involved may propose a lower price than the face value of shares only in the following situations:

(i) if the net accounting assets of the relevant company are less than its subscribed share capital;

(ii) the offer of the public institution at a price higher or equal to the face value of the shares did not lead to the conclusion of a shares sale-purchase agreement and the value calculated by an evaluation report is less than the face value of shares.

4.1.3. Implementation of restructuring programs prior to privatization and reconsidering of the company's debts

In majority State-owned companies, a special administration and financial surveillance procedure is introduced, aimed at reviving the company, preparing it for privatization and increasing its attractiveness to investors.

4.2. General Rules

4.2.1. Access to privatization procedures

The following Romanian, foreign individuals or legal persons, are not eligible to buy shares from the State:

(i) entities/individuals with outstanding budgetary debts;

(ii) entities/individuals defaulting under previous privatization agreements which resulted in termination thereof;

(iii) public legal entities.

4.2.2. Warranties granted to investors and the right to compensation

The legal framework for privatization currently provides two categories of warranties:

(i) warranties granted by law, referring to compensation for damages resulting from the restitution in kind to the former owners of the real estate belonging to privatized companies, on the ground of final and irrevocable court decisions (see also chapter 26 "Property and Construction");

(ii) warranties granted by contract; although permitted by law, such warranties are effective only if expressly provided in the privatization agreement and refer to means of indemnifying the buyer for damages deriving from:

(a) liability of the privatized company, as a consequence of pollution prior to privatization, and not disclosed to the investor;

(b) of the privatized company or losses incurred by the same due to, acts or deeds prior to privatization and not disclosed to the investor, and which could not have been known by the latter. In other words, if the investor, with his own efforts, and based on his right to unhindered access to documents and information, could have become aware of such facts further to its own audit, then the right to compensation no longer applies.

The value of the compensation for aggregate claims deriving from the breach of the above mentioned guarantees may not exceed 50% of the consideration paid by the investor for the shares. The payment of such indemnification is guaranteed by the State provided it does not exceed the above mentioned threshold.

5. Privatization methods

The choice of one or a combination of more privatization methods falls in the competence area of the public institution involved.

5.1. Sale of shares

The sale of State-owned shares can be carried out through any of the following methods or a combination thereof: public sale offering, capital markets sale (including methods based on depository receipts issued by investment banks on the international capital market), sale by negotiation, open public tender or tender by sealed envelope offers.

a) Public sale offering

The public sale offering is the proposal made by the public institution involved to sell the shares issued by a State-owned company, in its portfolio. Provided that there is a reception possibility of such proposal for at most 150 persons who were not determined in advance.

The public sale offering requires the prior approval of the Financial Supervisory Authority ("FSA") formerly named the National Securities Commission ("NSC"). This is based on an offer prospectus being submitted to the FSA, approval is granted within a maximum of 30 working days of the filing of the offer authorization application. The offer notice may be launched only after the offer prospectus was cleared by ASF. Starting with the notice date, the offer becomes binding to the seller, while its acceptance by third party purchasers is revocable throughout the entire offer validity period.

The public sale offer is carried out through financial investment services companies selected further to an auction organized by the public institution involved.

b) Capital market methods

The public institutions involved may sell shares in State-owned companies on the capital market, as regulated by the securities legislation.

Such methods have as their main characteristic the fact that they resort to specific capital market mechanisms. This is unlike the public sale offering (described above) which, although carried out in accordance with public securities offerings regulations under the supervision of CNVM, at present ASF, do not require actual involvement of the capital market technical means for their performance.

Among the specific capital markets sale methods are the following:

(i) sale against order, applicable only to companies listed on one of the regulated markets and only if the stock put up for sale is less than 5% of registered capital;

(ii) sale against purchase offer;

(iii) electronic tender organized on the capital market, in case the offered stock is more than 5% of the company's registered capital;

(iv) any combination of the above mentioned methods.

In case of sale on the international capital markets, the rules imposed by that specific market will be observed, and the FSA must be notified of public offer launched.

Under any of these methods, the capital market regulations must be observed, and the sales must be carried out through financial investment services companies, selected by the public institution involved.

According to Law No. 247/2005 on the reform in property and justice fields, the Property Fund ("Fondul Proprietatea" or "FP") was established as a financial company having as its purpose the compensation of previous owners for the real estate abusively taken over by the State. By various enactments such as Law No. 247/2005, Government Emergency Ordinance No. 81/2007 on the advancement of the indemnification granting procedure relating to abusively confiscated real estate, Government Emergency Ordinance No. 69/2008 on the updating of participation to the share capital held by the Fondul Proprietatea in the National Company Nuclearelectrica S.A, as well as by their subsequent amendments, Fondul Proprietatea received participations in various strategic companies.

Currently, Fondul Proprietatea share capital is held as follows:

(i) Legal entities –43,3730%;

(ii) BNY MELLON, New York, USA - 33,3730 %

(iii) Romanian individuals – 23,29%

c) Sale by direct negotiation

This type of sale is applicable in the following cases:

(i) where the public institution involved targets strategic investors exclusively. Strategic investors are such investors or groups of investors who meet certain technical, financial and organizational criteria stipulated by the public institution involved in the presentation file and who intend to purchase stock conferring them control powers over the company. Giving them voting rights representing no less than a third of the voting rights in the general meeting of shareholders of the company undergoing privatization;

(ii) where further to a tender sealed envelope bid, only one bid has been obtained, which got less than 50% of the maximum score. This score is based on an evaluation of the bid on the basis of the criteria previously announced by the public institution involved.

In view of its participation to negotiation, the bidder is bound to submit a participation guarantee. The amount of which is established by the public institution involved, and indicated in the presentation file, which ranges between 3% and 20% of the total face value of shares put up for sale.

The participation guarantee is returned, with no deductions, within 2 working days as of the date of signing the selection minutes, in which the best bid has been selected. For the best bidder, the participation guarantee is considered as partial payment of the price or advance payment, as the case may be.

Only bidders who presented all documents indicated by the Methodological Norms will participate in the final selection. The final offers will have a technical and a financial component separately submitted in sealed envelopes. After selecting the best offer by applying the scoring grid indicated in the presentation file, negotiations with the selected bidder will be carried out, and the share sale - purchase contract will be concluded within a maximum of 10 days after the signing of the minutes acknowledging the successful end of negotiations.

More complex versions of sale by negotiation, regulated by the current legislation, are as follows:

(i) negotiation on the basis of improved and irrevocable final bids. In this case, the initial negotiations are carried out with all bidders that submitted complete files and the main elements of the initial offers are discussed. Subsequently, time is granted to bidders, to enable them to submit improved and irrevocable final bids, to which a scoring grid for the selection of the best bid will be applied. Only the selected bidder will be accepted in the final negotiations;

(ii) negotiation on the basis of preliminary non-binding bids. Such negotiations involve initial debates based on preliminary and non-binding bids, submitted by the participants, and on a draft sale-purchase contract communicated by the public institution involved. As a result, the public institution involved draws up a final contract draft, communicated to the participants at least five days before the date scheduled for the submission of the final bid. From among these bids, the best will be selected and the final negotiations will start on this basis;

(iii) negotiation with selection based on technical offers. In this case, the technical and financial offers are presented in separate sealed envelopes. The initial selection will be made based on technical offers, which need to meet the Terms of Reference indicated in the presentation file. Only technical offers which, after the application of the scoring grid, meet a minimum score established by the public institution involved will be selected. The final selection for participation in negotiations will be based on the financial offers of the initially selected bidders, by applying a weighing ratio to the two types of offers.

d) Sale of shares by tender

There are two types of public auctions:

(i) open tender;

(ii) tender with bids presented in sealed envelopes.

The public institution involved launches a sale notice,a sale offer and drafts a presentation file available for any potential buyers according to the terms already mentioned in chapters 4.1.1 a) and 4.1.1 b) above.

In order to participate in the tender bidders must submit all documents stipulated by the Methodological Norms at least one working day before scheduled date of the auction. A participation guarantee needs to also be submitted.

On the day scheduled for the beginning of the auction, mentioned in the sale notice, the assigned commission will check, in the presence of the bidders, the existence of all documents required by law and will draw up a list with the bidders accepted to take part in the auction, (i.e. bidders who submitted complete documentations). The list will be posted at the tender site at least one hour before.

After the tender is completed, minutes will be drawn up, identifying the winning bidder. The share sale-purchase contract must be concluded within a maximum of 10 days after the minute's conclusion.

e) Sale of the shares with deferred payment schemes

The legislation in force allows public institutions involved to accept deferred share price payment, depending on the actual circumstances of the sale, after consideration of certain elements such as the financial status of the privatized company, amount and periodicity of the investment committed by the investor and the regional development objectives. This applies in cases when none of the bidders offer payment in one installment in the case of open public auctions.

In case of privatization of strategic companies through sale with price payable in installments, the advance payment for the sold stocks shall be minimum 35% of the sale price, and the installment payment may be spread over a maximum 3 year period.

The shares sold in installments are generally subject to the creation of guarantees in favor of the public institution involved. In case the buyer fails to pay two successive installments, the contract may be terminated.

The public institution involved may ask for supplementary guarantees in order to secure the payment of installments such as bank letter of guarantee, movable and immovable security interests, promissory notes endorsed by a commercial bank as agreed by the public institution involved and personal guarantees given by Romanian individuals or legal persons.

The price payment in installments is also subject to accrual of interest computed according to the provisions of the Methodological Norms.

5.2. Share capital increase

This method, provided by Law No. 137/2002 and the Methodological Norms, is not substantially different from a capital increase in any commercial company, There may be certain special terms and conditions which differ from the general rules applicable to the commercial companies, such as the preemption right exercise and the ways to challenge decisions approving capital increases.

The capital increase may be performed upon the initiative of the company, of the public institution involved, or of one of the company's shareholders or even of a third party. The increase needs to be approved by the company's general shareholder meeting based on a feasibility study proving the company's needs of working capital or technological equipment and the value thereof.

If the public institution involved decides upon the share capital increase, the general shareholder meeting shall be convened in 2 working days as of the date the decision was taken and it shall be convened within 5 days as of the publishing of the convening notice.

The above-mentioned provision departs from the general rules in Romanian Company Law according to which a general meeting of shareholders in joint-stock companies is called at least 30 days prior to the meeting.

The existing shareholders may exercise their preemption rights within 10 days as of the date of passing the share capital increase decision. After the remaining unsubscribed shares will be offered to the public through a primary public offering brokered by a financial investment services company.

The general meeting of shareholders' decision approving the capital increase may be challenged in court within 5 days of its publication in the Official Gazette.

In this respect, the general rule provided in the Company Law no. 31/1990 is that the deadline during which the decisions of the general meeting of shareholders may be challenged is 15 days as of publication thereof in the Official Gazette.

5.3. Sale of assets

State-owned companies and the *regies autonomies* where the State or a local public administration authority is a majority shareholder may sell or conclude real estate leasing agreements over the assets which they own. This is subject to the approval of their statutory bodies provided that the affirmative vote of the representatives of the public institution has been cast (such vote being held as approval of the institution as for the sale of such assets) or subject to the approval of the relevant ministries or of the public local authority, in case of the *regies autonomies*.

The consent of the foreign lender may also be required in such cases where the company or the *regie autonome* provides financing from abroad either contracted directly by State or secured by the State, if the loan agreement stipulates the need for such consent. For assets placed on land that is not owned by the company or by the *regie autonome* the written agreement of the landowner is also necessary.

The offer price is usually calculated based on an evaluation report and it may be equal to or different from the accounting value of the asset.

Assets may only be sold through open public tender to the bidder who offered the highest price. Direct negotiation is allowed only if undertaken during the validity period of the lease of management, joint venture agreements or lease contracts, and if the lessees or associates made investments amounting to at least 15% of the asset total value.

Depending on the payment methods, the following types of sale of assets may be identified:

a. sale of assets with immediate full payment;

b. sale of assets with payment by installments;

c. real estate leasing contracts.

These contracts may be concluded by joint-ventures companies or *regies autonomies* which entered in management lease contracts, rental or partnership contracts in progress, and if the value of the investments made by the lessee or associate is at least 15% of the value of the assets. The beneficiary of the lease contract may request, at any time during the contract period, to purchase the asset, against full payment of the sale price agreed upon contract execution, such price will be updated to the inflation rate index.

5.4. Privatization at the symbolic price of 1 Euro

Depending on the actual circumstances of the company undergoing privatization (activity, share capital, financial condition, number of employees, unemployment rate in the area where the company is located, etc.) the public institution involved may propose the privatization at the symbolic price of 1 Euro.

The list of companies to be privatized based on this method needs to be approved by Government.. So far, the Government has used this possibility in the privatization of S.C."Roman" S.A. Brasov (in accordance with Government Emergency Ordinance No.115/2003 on the privatization of S.C."Roman" S.A. Brasov and on the establishment of the industrial park on the S.C."Roman" S.A. platform, subsequently further amended and completed) and of S.C."Combinatul Siderurgic Resita" S.A. (in accordance with Government Emergency Ordinance No.16/2004 on the privatization finalization of S.C."Combinatul Siderurgic Resita" S.A, as subsequently amended).

Privatization takes place through competitive open tender, after a pre-selection stage. The sale notice and the presentation file follow the general rules. Additionally, the presentation file contains the business plan, minimum investment volume, jobs to be maintained and the pre-selection criteria. For participation purposes, the interested investor must submit a guarantee in the amount specified in the presentation file, which will in any event not exceed 20% of the total value of the minimum investment provided in the file.

In this particular privatization method, the tender key point consists in the investment volume and/or the number of jobs to be maintained, and not in the price payable for the shares.

The winning bid may not be lower than the value set for the commencement of the auction.

If only one bidder submits an offer, he may be declared as winner only if its offer is at least equal to the value set for the commencement of the auction and subject to specific provisions in that respect included in the mandate given to the privatization commission.

5.5. Incorporation of joint venture companies

Under Law No. 137/2002, companies held by the State or local public authorities as majority shareholders may also be founders of joint venture companies with private investors. The newly incorporated joint venture company shall have a preemption right at the purchasing of assets, of the founding State owned company, which are necessary for the fulfillment of its main object of activity.

The mixed capital commercial company may exercise the above mentioned preemption right within 15 calendar days of the receipt of the sale intention notice.

Under this umbrella, in the utilities sector, this was used for creation of Greenfield/brown field projects (such as CET Palas, CET Grozavesti).

6. Privatization of utility suppliers

The privatization framework legislation comprises several special provisions regarding utility suppliers, detailed in the Methodological Norms under the section dedicated to privatization of companies. Moreover, for companies of strategic interest in the utilities sector the privatization mandate is approved by Government decision.

An innovative feature which is specific to raising investment by increases of the share capital, introduced by Law No. 137/2002, is the option granted to the investor having subscribed and paid up capital contribution. This is pursuant to a capital increase of a company from the utilities sector, to subsequently buy stock owned in that company by the public institution involved under the terms and within the time periods agreed upon the share-capital increase.

7. Discharge of obligations deriving from the privatization contract

7.1. Guarantees for complying with the obligations undertaken under the privatization contract

In order to secure monetary obligations undertaken by the buyer of shares within the privatization proces the shares sale purchase agreement will be accompanied by a real security agreement over the shares that are the subject matter of the sale. This security is set up by the buyer for the benefit of the public institution involved.

The public institution involved may also request, in particular when intending to sell shares or assets with payment by installment, additional security from the buyer over movable or immovable assets or even for personal guarantees created by third parties. This is done in favor of the public institutions involved.

7.2. The share sale purchase agreement and the pledge agreement are deemed as enforceable titles

The share sale purchase agreement and the pledge over movable assets are qualified by law as enforceable titles or writs of execution. This means that the public institution involved is able to proceed to the forced execution against the buyer of the shares based on a simplified procedure in case of non-fulfilling by the latter of its monetary obligations. In case of the sale of assets with payment in installments, the failure to pay two successive installments will accelerate the maturity of all the installments which will all become due. The public institution involved may proceed to the forced execution of the security given by the buyer or by third parties on behalf of the buyer, for the entire unpaid amount and the related interests.

7.3. Termination of the privatization contract

The share sale purchase agreements regularly provide automatic termination clauses on which basis, in case of failure by the buyer to comply with its obligations, the contract may be terminated unilaterally by the public institution involved without any other formality. This is based on a simple notification sent to the buyer. Upon the date of the State's re-registration as shareholder in the company's shareholders registry, the mandate of the administrators previously appointed by the defaulting buyer is also deemed as terminated, and the public institution involved appoints an interim administrator acting until the first general shareholder meeting is convened.

8. Post-privatization control

Special regulations concerning post-privatization control were instituted by Government Ordinance No. 25/2002.