company lawNo. 31/November 17, 1990

TITLE I General Provisions

Art. 1.

In order to carry out a commercial activity natural and legal persons may associate and set up business organizations according to the present legal provisions. The business organizations having their headquarters in Romania are Romanian legal persons.

Art. 2.

The business organizations shall be organized in one of the following forms:

a) partnership, whose obligations are guaranteed by the capital and by the unlimited and joint liability of the partners;

b) limited partnership, whose obligations are guaranteed by the capital and joint liability of the general partners; the limited partners are liable only up to the value of their interest;

c) limited partnership by shares, whose capital is divided by shares, and whose obligations are guaranteed by the capital and by the unlimited and joint liability of the general partners; the limited partners are liable only for the payment of their shares;

d) joint-stock company, whose obligations are guaranteed by the capital; the shareholders are liable only for the payment of their shares;

e) limited liability company, whose registered obligations are guaranteed by the registered assets; the shareholders are liable only for the payment of their contributions.

TITLE II Formation of Business Organizations

Chapter I Partnerships and Limited Partnerships

Art. 3.

The partnership and the limited partnership are constituted by a partnership contract, concluded in authentic form. The contract must include:

- first and last names or the trade name of the partners, their domicile or headquarters address and citizenship;

- the type of partnership, name and headquarters address;

- the scope of the partnership;

- the capital subscribed and deposited by partners, each partner's contribution in cash or other assets, the value of the contribution and the method of valuation, and the due date for the payment in full of the subscribed capital;

- the partners in charge with the partnership's administration and representation, and the limits of their powers;

- each partner's share of profits and losses;

- location of the partnership's branches and subsidiaries within the country and abroad;

- duration of the partnership;

- procedures for dissolution and liquidation of the partnership.

Art. 4.

Within a period of 15 days from the date of authentication of the partnership contract, the administrators or any of the partners will register the partnership contract at the court with territorial competence over the area where the partnership headquarters will be located.

Upon registration the judge will review compliance with the provisions of Art.3, and then will order the recording of the partnership contract in the Register of Commerce and in the records of the Financial Administration in the area where the headquarters of the partnership are located, and the publication in the *Official Gazette*.

The partnership becomes a legal person as of the date of recording in the Register of Commerce.

The recording is performed upon submission of the evidence of the request for publication in the *Official Gazette*.

Art. 5.

The partnership's representatives designated by the partnership contract must deposit their signatures with the Register of Commerce within fifteen days of the recording date; the representatives elected during the normal course of business must deposit their signatures within fifteen days of their election.

Art. 6.

If a partnership sets up a branch or a subsidiary outside the county where it has the headquarters, the administrators must apply for their recording in the Register of Commerce of the county where they will operate prior to their start of operations. The representatives of the branch or subsidiary will deposit their signatures in accordance with the provisions of Art.5.

Art. 7.

If the publication formalities provided for by Art.4 are not completed, any of the partners is entitled to ask for their completion or the dissolution and liquidation in case that the partnership was not recorded.

The failure to complete the formalities provided for by Art.4 cannot be invoked by partners against third parties.

The partners and all individuals who operated on the partnership's behalf, prior to the formation of such partnership, have a direct, unlimited, joint liability for the partnership's operations in which they were involved.

Chapter II Joint-Stock Companies and Limited Partnerships by Shares

Art. 8.

The joint-stock company and the limited partnership by shares, shall be organized by contract and by-laws.

The contract shall be signed by all incorporators, partners or in case of public subscription by the founding members.

The capital cannot be lower than one million ROL and the number of shareholders or partners less than five.

Art. 9.

The contract and by-laws of the joint stock company and of the limited partnership by shares shall be certified and must include:

- the first and last names or the trade name of the shareholders, their domicile or the headquarters address, the citizenship or nationality;

- the trade name and headquarters address of the joint-stock company or limited partnership by shares, of their branches and subsidiaries;

- legal form of doing business and scope;

- the amount of subscribed and deposited capital.

Initially the deposited capital cannot be lower than 30%, unless otherwise provided for by law;

- value of the assets brought in as contribution in kind, methods of valuation and number of shares issued in consideration for the heretofore mentioned assets;

- number and nominal value of shares, whether these are nominal or payable to bearer and their number for each class;

- number, first and last names and citizenship of the administrators, the guarantee that they have to deposit, their powers and special rights of administration and representation, granted to some of them; for the limited partnership by shares, the general partner's first and last names or the trade name, domicile or headquarters and citizenship or nationality, indicating who is in charge with the administration and representation of the partnership ;

- conditions for validity of the general meeting proceedings and procedure of exercising the voting rights;

- number, first and last names and citizenship of the auditors;

- duration of the joint-stock company or limited partnership by shares;

- method of distribution of profits;

- limited partner’s stock in the limited partnership by shares;

- transactions undertaken by shareholders or partners on behalf of the joint- stock company or the limited partnership by shares to be organized, which will be assumed by the new entity and the amounts which will have to be paid on the account of these transactions.

Art. 10.

If a joint-stock company or limited partnership by shares is funded by public subscription, its founders will draft a prospectus which will include information provided under Art.9, except the information regarding the administrators and auditors and will set the last day for subscription.

The prospectus signed by the founders, in authentic form, must be deposited before publication with the Register of Commerce of the county where the headquarters of the joint-stock company or limited partnership by shares will be located.

The competent court in the county where the Register of Commerce is located, upon finding that the provisions of paragraphs 1 and 2 are complied with, will authorize the publication of the prospectus.

Art. 11.

Stock subscriptions will be written on one or more copies of the prospectus marked by the court of the county where the Register of Commerce is located.

The subscription shall indicate: the first and last names or the trade name, domicile or headquarters address of the subscriber, the spelled out number of the subscribed shares, the subscription date and an express statement that the subscriber has knowledge of and accepts the prospectus.

The prospectuses which do not include all legal requirements are void.The subscriber could not invoke such nullity if he/she attended the constitutive meeting or if he/she exercised the rights and obligations of a shareholder or partner.

Art.12.

Within at most fifteen days since the last day of the subscription period, the founders shall convene the constitutive meeting by a notice published in the *Official Gazette* fifteen days prior to the date established for the meeting. The notice will include the place and the date of the meeting, which cannot take place later than two months since the last day of subscription, and also a detailed list of the problems which will be discussed.

Art.13.

The joint-stock company or the limited partnership by shares may be constituted only if the entire capital was subscribed for and each subscriber paid in cash half of the subscribed stock value at the National Bank, the Savings Bank, or at one of their branches.

The shares paid for by other consideration than cash, have to be paid in full. Debts of third parties are not allowed as consideration.

Art. 14.

If the public subscriptions exceed or are lower than the issue provided for in the prospectus, the founders have the obligation to submit the increase of the issue to the subscription level to the constitutive meeting's approval.

Art. 15.

The founders have the obligation to draw up a list of those who subscribed and have the right to participate in the constitutive meeting.

This list will be posted up at the meeting place, at least 5 days prior to the meeting.

Art.16.

The meeting elects a president and two or more secretaries. The participation of the subscribers will be ascertained by attendance lists signed by subscribers and certified by the president and the secretary.

Prior to the start of discussions of the meeting's agenda any subscriber has the right to raise issues concerning the list posted up by the founders. The meeting will decide upon these issues.

Art. 17.

At the constitutive meeting any subscriber has the right to one vote, irrespectively of the number of shares he/she subscribed for. He/she may also be represented by a special mandate (proxy). No one can represent more than 5 subscribers.

The subscribers whose contribution is other than cash do not have voting rights in the proceedings concerning their contribution, even if they paid for other shares in cash or they appear as proxies for other subscribers.

The constitutive meeting is legally constituted if half plus one of the subscribers are present and it makes decisions by the vote of the simple majority of those present.

Art. 18.

If there are contributions in kind, advantages reserved for the founders, transactions concluded by founders on the account of the joint-stock company or limited partnership by shares to be organized and these transactions will be assumed by the new entity, then the constitutive meeting will appoint one or more experts who will advise on the valuations.

If the majority provided for by law cannot be acquired, then the appointment of the experts will be made by the court upon the request of a subscriber.

Art. 19

The following cannot be appointed as experts:

- relatives and affiliates up to the fourth degree included, or the spouses of those who made contributions in kind, or of

the founders;

- persons who receive wages or remuneration in any form for their work other than as an expert, from the founders or from those who made contributions in kind.

Art. 20.

After the experts submit their report, the founders convene again the constitutive meeting according to the provisions of Art.12. If the value of the contributions in kind, established by experts, is one fifth lower than the one stated by founders in the prospectus, any subscriber may withdraw by giving notice to founders until the day established for the constitutive meeting.

The shares of the subscribers who decided to withdraw may be acquired by the founders or other persons by public subscription within 30 days.

Art. 21.

The constitutive meeting has the following obligations:

- review the existence of payments;

- determination of the value of contributions other than cash; approval of participation in benefits of the founders and in transactions concluded on behalf of the company or partnership;

- discussion and approval of the joint-stock company or limited partnership by shares contract and by-laws with the assistance of the present members who also represent the absentee members and appointment of those who will attend the authentication of the documents and the formalities required for the formation of the company or partnership;

- appointment of administrators and auditors.

Art. 22.

The operation of the joint-stock company and of the limited partnership by shares is subject to the authorization of the court in the county where the headquarters will be located.

In order to obtain the authorization, the contract and the by-laws shall be submitted within 15 days from their authentication together with the authorization application, and:

- proof of share payment;

- documentation concerning ownership of other assets than cash and in case real estate is also evidenced, a certificate ascertaining the encumbrances and liens;

- the documentation for the transactions concluded on behalf of the company or partnership and approval by the constitutive meeting.

Art. 23.

The presiding judge, upon receiving the authorization application sets a hearing date and demands the opinion of the County Chamber of Commerce and Industry concerning the usefulness of the company or partnership, the size of the capital with regard to the business scope, reputation of the founders and of the partners. The opinion of the Chamber of Commerce and Industry has a consultative character.

If the court considers it necessary, it may order an expertise on the parties' account for the valuation of the contribution in kind, the provisions of Arts.18 and 19 being accordingly applicable. If the contract or the by-laws include provisions contrary to the law the court will authorize the operation of the company or partnership only if the respective provisions are amended to comply with the law.

The court decision may be appealed within 15 days from the issuance of the decision.

Art. 24.

The court decision will be deposited within fifteen days since it becomes final together with the contract and by-laws to be recorded with the Register of Commerce in the county where the headquarters are located and with the Financial Administration. The court decision, the joint-stock company or limited partnership will be published in the *Official Gazette*.

The joint stock-company or the limited partnership by shares is a legal person as of the recording date in the Register of Commerce. The recording will be done according to the provisions of the last paragraph of Art.4.

The provisions of Arts.5 and 6 are to be applied both to joint-stock companies and to limited partnerships by shares.

Art. 25.

The payments made according to Art.13, for the formation of the company or partnership by public subscription shall be delivered to persons appointed to receive them under the joint-stock or limited partnership by shares contract, or in the absence of such provisions to persons appointed by the decision of the Council of Administration upon the presentation of the Register of Commerce certificate which shows the recording of the joint-stock company or the partnership.

Art.26.

The joint-stock company or the limited partnership by shares contract is not considered legally constituted unless the formalities provided for by Arts.22 and 24 are completed. Upon failure to complete such formalities the subscribers may request to be released from the obligations caused by their subscriptions, three months after the expiration of the period provided for under Arts.22 and 24, paragraph 1.

Each subscriber may proceed to complete the publicity formalities provided for by law.

If a subscriber files an application for completion of the recording formalities none of the subscribers may claim a release from the obligations caused by the subscription.

The provisions of Art.7, paragraphs 2 and 3 shall also apply to joint-stock companies and limited partnerships by shares.

Art. 27.

The signers of the joint-stock or limited partnership contract by shares and the persons who played a major role in the formation process are considered founders.

The founders have the obligation to deliver the documentation and correspondence concerning the formation of the joint-stock company or the limited partnership by shares to the administrators.

The founders are unlimitedly and jointly liable to the third parties for both the failure to complete the formalities for the formation of the company or limited partnership and for the obligations incurred during the formation process.

They assume the consequences of the necessary acts and expenses for the formation and, if for any reason, the company or the limited partnership by shares will not come into being they do not have recourse against the subscribers.

Art. 28.

The founders and first administrators are jointly liable as of the time of formation to the joint-stock company or limited partnership by shares for :

- the full subscription of the capital and payments according to the law or by- laws;

- payment of contribution other than cash;

- accuracy of publicity related to the formation of the joint-stock company or limited partnership by shares.

The founders are also liable for the validity of transactions concluded on the account of joint-stock company or limited partnership by shares prior to their formation and subsequently assumed by the new entities.

For the next five years the general meeting cannot release the founders and the first administrators of the liability that they have according to this article and Art.27.

Art. 29.

The persons who according to the law are incompetent or have a criminal record for fraudulent administration, breach of fiduciary duty, forgery, embezzlement, perjury, bribery and for other crimes punished according to the present law cannot be founders.

Art. 30.

The constitutive meeting will decide upon the participation quota of net profits due to the founders of a joint-stock company or limited partnership by shares funded by public subscription.

The quota provided for under paragraph 1 cannot exceed 6% of the net profit and cannot be granted for a period longer than 5 years since the date of formation of the joint-stock company or limited partnership by shares.

In case of an increase of the capital, the right of the founders can be exercised only over the net profit of the initial capital.

Only the persons qualified as founders can benefit under the provisions of this article.

Art.31.

Upon fraudulent early dissolution of the joint-stock company or limited partnership by shares the founders have the right to ask for damages. The right to sue can be exercised within 6 months only after the date of the general meeting of the shareholders or partners, which decided the early dissolution.

Chapter III Limited Liability Companies

Art. 32.

The limited liability company will be organized by contract and by-laws, which shall be authenticated. The contract shall include the information required under Art.3 for the general partnership and the share distribution.

Contribution in labor and debts of third parties cannot be allowed as consideration.

The assets representing contribution in kind are transferred at the time of company organization.

The shares cannot be represented as negotiable instruments.

The administrators will issue upon request a certificate concerning the rights to the shares, with the mention that it cannot be used as a negotiable instrument under the sanction of the nullity of the transfer.

Art. 33.

If, in addition to shares, any shareholder assumes as an obligation to the company periodical contributions in kind, the company contract will determine the content, duration and kind of contributions, the compensation owed and sanctions against the shareholders who do not deliver on their obligations

Art. 34.

The limited liability company may not have more than 50 shareholders.

The capital may not be lower than 100,000 ROL and may be divided in shares, which may not be less than 5,000 ROL.

The contributions in kind may account for at most 60% of the capital.

The company contract and the by-laws will be submitted, according to Art.22, to the court in the county where the company established its headquarters, to obtain the authorization for operation according to Art.23.

The provisions of Arts.3, 5, 6 and 26 will also apply to liability companies.

TITLE III The Operation of Business Organizations

Chapter I General Provisions

Art. 35.

Failing a contrary provision the assets brought in as contribution become the property of the company or partnership.

The shareholder or the partner who is late in paying his/her contribution is liable for damages and if his/her contribution was cash he/she is liable for legal interest as of the day when the payment was due.

Art. 36.

Over the duration of the company or the partnership, the creditors of the shareholders or of the partner can exercise their rights only against that part of the benefits due to the shareholder or partner after the issuance of the balance sheet and after the dissolution of the company or partnership, against his/her remaining share.

However, during the operation of the company or partnership the creditors mentioned in paragraph 1 can attack the share which would be given to the shareholder or partner upon dissolution or can seize and sell the shares of their debtors.

Art. 37.

The profit quota which will be paid to each shareholder or partner is the dividend.

The dividends will be paid to the shareholders or partners in proportion with the capital participation quota.

The dividends will only be paid out of real benefits.

The dividends paid contrary to the above mentioned provisions will have to be paid back.

The right to action for return of the dividends can be exercised three years after the date of distribution only.

Art. 38.

The contribution of the shareholders or partners to the capital does not bear interest.

Art. 39.

If there is a decrease of the capital, this will have to be brought back to the registered level or reduced prior to any profit allocation or distribution.

Art. 40.

The administrators may undertake all operations required to attain the business scope of the company or of the partnership, except the restrictions provided for in the company contract.

They have the obligation to take part in all the meetings of the company or the partnership, of the administration councils and similar management bodies.

Art. 41.

The administrators who have the right to represent the company or partnership can transfer such rights only if such power was expressly granted to them.

Upon breach of provisions of paragraph 1 the company or the partnership is not liable to third parties, but it can claim the profits realized by the transferee as a result of the transfer.

The administrator, who illegally agrees to his/her substitution by another person, will be jointly liable with the transferee for the damages caused to the company or partnership.

Art.42.

The obligations and liability of the administrators are regulated by the provisions concerning the mandate and those provided by this statute.

Art.43.

The administrators are jointly liable to the company or partnership for:

a) timely payments which have to be made by shareholders or partners;

b) legality of paid dividends;

c) maintenance of records required by law and safe keeping;

d) execution of decisions of general meetings;

e) strict compliance with the obligations provided for by law, the incorporation or partnership contract and by-laws.

The right to sue the administrators may also be exercised by the creditors of the company or partnership, but only upon the bankruptcy of the company or partnership.

Art.44.

Any document, letter or publication issued by the company or partnership must indicate the trade name, recording number in the Register of Commerce, type of company or partnership, and the headquarters address.

With regard to the limited liability company the registered capital has to be mentioned and with regard to the joint-stock company and limited partnership by shares the registered capital and the deposited capital according to the last approved balance sheet have to be mentioned.

Chapter II Partnerships

Art. 45.

The right to represent the partnership belongs to each administrator, unless otherwise provided for in the partnership contract.

Art. 46.

If the partnership contract provides that the administrators must work together, the decision must be made by unanimity; in case of disagreement among the administrators, the decision will be made by the partners representing the absolute majority.

In case of emergency decisions, which if not taken would cause serious damages to the partnership, an administrator, in the absence of others caused by temporary impossibility to participate in the administration, may take such decisions.

Art. 47.

The partners representing the absolute majority may elect one or more administrators from their ranks, establishing their powers, duration of appointment and their remuneration, unless otherwise provided for in the partnership contract.

The same majority can decide the revocation of the administrators or the limitation of their powers, except in the case that the administrators were appointed by the partnership contract.

Art. 48.

If an administrator takes the initiative of a transaction exceeding the limits of a transaction in the ordinary course of business carried by the partnership, prior to its closing, he/she must advise the other administrators thereof, otherwise he/she will be liable for the losses caused by that transaction.

If there is opposition by any administrator to the transaction, the decision must be taken by the partners holding the absolute majority of the capital.

The transaction concluded against such opposition is valid against the third parties who did not have notice of the opposition.

Art. 49.

The partner who, in a specific transaction, has on his/her own or other's account interests contrary to those of the partnership cannot take part in any proceeding or decision concerning that transaction.

The partner who violates the provisions of paragraph 1 is liable for the damages caused to the partnership, if without his/her vote the required majority had not been met.

Art.50.

The partner who, without written consent of the other partners uses the capital, the assets, or the credit of the partnership for his/her own or other's benefit, must reimburse the benefits to the partnership and pay for the damages caused.

Art. 51.

None of the partners can take out of the partnership's funds more than he/she was awarded for his/her expenses or for those that he/she will make in the partnership's interest.

The partner who violates this provision is liable for the sums taken and for damages.

The partnership contract may provide that the partners may take out of the partnership's funds certain sums for their private expenses.

Art. 52.

The partners cannot become partners with unlimited liability in another competitor partnerships or having the same business scope, nor undertake transactions on their own or other's account in the same line of business without the consent of the other partners.

The consent is deemed given if participation or transactions undertaken prior to the partnership contract have been known by the other partners and they did not raise objections.

Upon violation of provisions of paragraphs 1 and 2, the partnership, other than excluding the partner, may decide that he/she worked on his/her own account or ask for damages.

This right will lapse after three months since the day when the partnership got knowledge of the aforementioned situations and did not make any decision.

Art. 53.

If several persons made contributions to the capital, they are jointly and severally liable to the partnership and have to appoint a common representative for the exercise of their rights accruing from their contribution.

Art. 54.

The partner whose contribution includes one or several debts of third parties (bonds) is not released of his/her obligations as long as the partnership did not get the payment of the sums for which these bonds were deposited.

If payment cannot be collected from the third party, the partner is liable for damages and legal interest as of the due payment date.

Art. 55.

The partners have an unlimited joint and several liability for the operations carried on behalf of the partnership by the

representatives.

The court decision issued against the partnership is executory against each partner.

Art. 56.

For the approval of the annual report and for the decisions concerning the liability of the administrators the vote of the partners holding a majority of the capital is needed.

Art. 57.

The transfer of partnership interest is allowed if it is allowed by the partnership contract.

The transfer does not release the transferor partner of what he/she still owes for his/her share of capital to the partnership.

The transferor partner is liable to the third parties according to the provisions of Art.168.

If the partnership contract provides for the retirement of a partner the provisions of Arts.168 and 170 will be applicable.

Chapter III Limited Partnerships

Art. 58.

The administration of the limited partnership will be entrusted to one or more general partners.

Art. 59.

The limited partner may conclude operations on behalf of the limited partnership only if he/she has a special mandate for specific operations issued by the representatives of the limited partnership which is recorded in the Register of Commerce. Otherwise, the limited partner has an unlimited joint and several liability for all obligations of the partnership as of the date of the operation concluded by him/her.

The limited partner may handle tasks concerning the internal administration of the limited partnership, supervisory assignments, participate in the appointment and revocation of the administrators, according to the law, or grant, within the limits provided for by the partnership contract, authorization to the administrators for operations exceeding their powers.

The limited partner has also the right to ask for a copy of the annual report and profit and loss account and to control their accuracy by a review of the books and supporting documents.

Art. 60.

The provisions of Arts.45, 46 paragraph 1, Arts. 47, 49, 53, 54, 56, and 57 will also apply to limited partnerships and provisions of Arts.50, 51, 52, and 55 to limited partners.

Chapter IV Joint-Stock Companies

Section I

Shares

Art. 61.

In joint-stock companies the capital is represented by shares issued by the company; the shares may be nominal or payable to bearer.

The type of shares will be determined by the partnership contract and by-laws, otherwise they will be payable to bearer.

The shares could not be issued for an amount lower than the nominal value.

The shares which are not fully paid are always nominative.

The capital cannot be increased and new shares cannot be issued until the shares of the previous issue are fully paid.

Art. 62.

The nominal value of a share cannot be lower than 1,000.00 ROL.

The shares will include:

a) the name and the duration of the company;

b) the date of the incorporation contract, the company's recording number in the Register of Commerce and the number of the issue of the *Official Gazette* where the publication was made;

c) the capital, the number of shares, the share sequential number, the share nominal value and the payments made;

d) the advantages granted to the founders.

For nominal shares, the last name, the first name and domicile of the shareholder, or the trade name and headquarters address will be also indicated.

In case there are several administrators the shares must bear the signature of two administrators, or otherwise that of the sole administrator.

Art. 63.

The shares must be equal in value; they grant equal rights to possessors.

Art.64.

The ownership right of the nominal shares shall be transferred by the statement recorded in the stock register of the issuer signed by the transferor and the transferee or their representatives and by the mention of the transfer made on the stock certificate.

Subscribers and subsequent transferees are jointly and severally liable for the full payment of shares for a period of three years counted as of the date the transfer was mentioned in the company register.

Art. 65.

The ownership right over the bearer shares is transferred by simple delivery.

Art. 66.

If the shareholders fail to submit timely share payments, the company will invite them to meet their obligation by a joint summons published twice, at a 15-day interval in the *Official Gazette* and a newspaper of widespread circulation.

If, following the summons, the shareholders fail to make their payments, the Council of Administration may decide either to sue the shareholders for the remaining payments, or to cancel these nominal shares.

The cancellation decision will be published in the *Official Gazette* with the specification of the sequential number of the cancelled shares.

Instead of the cancelled shares new shares will be issued, which will be sold.

The sums resulted from sale will be used to cover the expenses for publication and sale, the accrued interest caused by the delay and the outstanding payments; the remaining amount will be returned to the shareholders.

If the sale proceeds are not sufficient to cover all amounts due to the company or if the sale does not take place because of lack of buyers, the company has recourse against the subscribers and transferees according to the provisions of Art.64.

If following these proceedings, the amounts due to the company are not covered, the capital will be immediately reduced proportionally with the difference between the real capital and the registered capital.

Art. 67.

Any share confers the right to one vote in the company meetings.

The incorporation contract or the by-laws may limit the number of votes of the shareholders who own more than one share.

The exercise of the right to vote of the shareholders who are not current with their due payments, is suspended.

Art. 68.

The shares are not divisible.

If a nominal share becomes the property of several persons, the company does not have the obligation to record the transfer as long as these persons will not appoint a sale representative for the exercise of the rights resulting from the ownership of the share.

Also, if a bearer share belongs to several persons, these must appoint a sole representative.

As long as a share is the common property of several persons, they are jointly liable for the payments.

Art. 69.

The company cannot acquire its own shares, or grant loans or advance payments on them, except when the general meeting of the shareholders decides otherwise, with the vote of the shareholders holding two thirds of the capital.

Art. 70.

The shareholders advertising for sale their shares will have to draft a prospectus including besides the information shown under Art.9, the profit and loss account from the last annual report, the paid dividends, the bonds issued and the guarantees given.

The prospectus signed by shareholders and administrators and authenticated will be deposited with the Register of Commerce of the county where the company headquarters are located. The competent court in the county where the headquarters are located, upon finding compliance with the provisions of par.1, will authorize the publication of the prospectus.

The announcements with the same content as the prospectus will be published in at least two of the most widespread newspapers of the town where the company headquarters are located.

The provisions of Art.11, al. 1 and 2 will apply accordingly to the purchasers of shares.

The prospectuses which do not include all mentions provided under parts. 1 and 2, will be void and the sales will be voided upon the request of the publishers, except when they did not exercise the rights and obligations of a shareholder.

Art. 71.

The situation of the shares must be published at the same time with the annual report and it should especially indicate if the shares were fully paid and the number of shares for which payment was requested without any result.

Section II

General Meetings

Art. 72.

General meetings are ordinary and extraordinary.

Unless the incorporation contract or the by-laws provide otherwise, they will be held at the company headquarters or at the place indicated in the notice.

Art. 73.

The ordinary meeting convenes at least once a year and at the latest three months after the end of the fiscal year. Besides the discussion of other problems included on the agenda, the general meeting has the following obligations:

a) to discuss, to approve and to modify the annual report after the presentation of the reports of the administrators and the auditors, and to determine the dividends;

b) to appoint the administrators and the auditors;

c) to set the remuneration due to administrators and auditors for the fiscal year, if it was not established by the incorporation contract or by-laws;

d) to evaluate the performance of the administrators;

e) to determine the budget for revenues and expenses and, accordingly, the plan of operations for the next fiscal period;

f) to decide the pledge, lease or dissolution of one or several of the company’s units.

Art. 74.

For the ordinary meeting, the presence of the shareholders holding at least half of the registered capital is required in order to have valid proceedings; the decisions must be taken by shareholders holding the absolute majority of the registered capital represented at the meeting, if the incorporation contract, the by-laws, or the law do not provide for a greater majority.

If the general meeting cannot proceed because the conditions provided for under par. 1 are not met, the majority (of the share holders) of the meeting which will convene following a second notice, can make decisions on the problems included on the agenda of the first meeting, whatever the number of the attending shareholders.

Art.75.

The extraordinary general meeting is convened whenever a decision is needed for:

a) extension of the duration of the company;

b) increase of the capital;

c) change of the object of the company;

d) change of the corporate form of doing business;

e) change of headquarters location;

f) merger with other companies;

g) reduction of the registered capital or the recapitalization by emission of a new issue;

h) early dissolution of the company;

i) issuance of obligations (bonds);

j) any other change of the incorporation contract or by-laws or any other decision which requires the approval of the extraordinary general meeting.

Art. 76.

In order to ensure the validity of the proceedings of the extraordinary general meeting, if the incorporation contract or by-laws, do not provide otherwise, the following conditions are required:

- upon the first notice, the attendance of the shareholders holding three fourths of the registered capital; the decisions must be made by vote of the shareholders holding at least half of the registered capital;

- if the above conditions are not met, upon the following notices, the attendance of the shareholders holding half of the registered capital; the decisions must be made by the vote of the shareholders holding at least one third of the registered capital.

Art.77.

The general meeting will be called by the administrators whenever necessary according to the by-laws.

In any case the meeting date cannot be earlier than fifteen days after the publication of the notice.

The notice will be published in the *Official Gazette* and in one of the newspapers of widespread circulation in the town where the company headquarters are located or in the nearest town.

The notice will include the place and the date of the meeting and the agenda explicitly indicating all problems which will be subject to debates at the meeting.

If the agenda includes proposals to change the by-laws, the notice will have to include the full text of the proposals.

Art. 78.

The notice of the first general meeting may include the day and the time for the second meeting in the event that the first meeting could not take place.

The second meeting cannot take place on the same day set for the first meeting.

If the day for the second meeting is not shown in the notice published for the first meeting, the term provided for in Art.77 could be reduced to 8 days.

Art. 79.

The administrators are under obligation to immediately convene the general meeting, upon the request of the shareholders representing the tenth part of the registered capital, or a lower quota, if so provided for in the incorporation contract, if the request includes issues coming under the authority of the general meeting.

The general meeting will take place within a month of the request.

If the administrators do not call the meeting, the court in the area where the company headquarters are located can order the meeting, appointing one of the shareholders to preside it.

Art. 80.

At the general meeting the shareholders exercise their voting right proportionally with the number of their shares, with the exception provided for in Art.67, par. 2.

Art. 81.

The shareholders representing the entire registered capital may, if none of them opposes it, hold a general meeting and make decision within the meeting's authority, without the observance of the formalities required for the calling of the meeting.

Art. 82.

At the general meetings, the shareholders holding bearer shares can vote only if they deposit their shares at the place indicated by the by-laws or by the meeting notice, at least 5 days prior to the meeting.The auditors will ascertain the timely deposit of the shares by a report. The shares shall be deposited until after the general meeting, but could not be kept for more than 10 days since the day of the meeting.

Art.83.

At the general meetings the shareholders can be represented only by other shareholders with a special mandate.

The shareholders who do not have legal capacity and the legal persons can be represented by their legal representatives, who in turn can issue a special mandate (for representation) to other shareholders.

The mandates will be deposited in original by the deadline that other shareholders have the obligation to deposit their shares, or within the time period provided for by the by-laws.

They will be kept by the company making mention about that in a report.

The incorporation contract or the by-laws may provide otherwise than the provisions concerning representation by shareholders only of other shareholders.

The administrators and the company employees cannot represent the shareholders, under the sanction of the nullity of the decision, if without their vote the required majority would not have been met.

Art. 84.

The administrators may not vote, either personally or by a representative, on the basis of the stock they own, on their release of liability for their administration or on a matter in which their person or administration would be issue.

However, if they own at least half of the registered capital and the legal majority cannot be attained without their vote, they may vote on the annual report and profit and loss matters.

Art. 85.

The shareholder who in a certain transaction has either personally or as a representative of another person an interest contrary to that of the company, must abstain from the proceedings concerning that transaction.

The shareholder who contravenes these provisions is liable for the damages caused to the company, if without his vote, the required majority would not have been met.

Art.86.

The right to vote cannot be ceded. Any convention concerning the exercise in a certain manner of the voting right is void.

Art. 87.

On the day and at the time shown in the notice, the meeting shall be opened by the president of the Council of Administration or by the person substituting him.

The president will appoint two or more secretaries from among shareholders, who will review the list of attendance of the shareholders, showing the capital represented by each of them, the auditor's report ascertaining the number of deposited shares and compliance with the formalities required by law and by the by-laws concerning the meeting; then the meeting will proceed with its agenda.

Art. 88.

The decisions of the meeting will be made by open vote.

No matter what the provisions of the incorporation contract and the by-laws are, the secret vote is mandatory for the election of the members of the board of administration and of the auditors, for their revocation and for making the decisions concerning the liability of the administrators.

Art. 89.

A minute signed by the president and secretary shall ascertain compliance with the formalities for calling the meeting, date and time of the meeting, shareholders' attendance, number of shares, and shall include a summary of the proceedings, the decisions made and, upon the request of the shareholders, their statements at the meeting.

The documentation concerning the calling of the meeting and the shareholders' attendance list shall be attached to the minute.

The minute will be filled in the register of the general meetings.

In order to be opposable to the third parties, the decisions of the meeting (of the shareholders) shall be deposited within 15 days at the Register of Commerce to be mentioned in excerpt and published in the *Official Gazette*.

They (the decisions) cannot be carried out prior to complying with these formalities.

Art. 90.

The decisions made by the general meeting within the bounds of the law, incorporation contract or by-laws are mandatory even for the shareholders who did not take part in the meeting or voted against them.

Any shareholder who did not take part in the general meeting or voted against its decisions and requested the recording of (their opposition) in the minute of the general meeting may start legal action against the decisions of the general meeting, contrary to the incorporation contract, by-laws, or the law within 15 days since the date of publication in the *Official Gazette*.

If all administrators are taking legal action against the decisions (of the general meeting) the company will be represented in court by the person appointed by the presiding judge from among the shareholders, who will carry out this appointment until the general meeting, convened for such purpose, elects another person.

The annulment action shall be filed at the court with territorial competence where the company headquarters are located; the plaintiff shareholder has the obligation to file with the court clerk at least one copy.

If several annulment actions were filed they can be joined.

The request (to join the action) shall be heard in the chamber.The final annulment decision will be recorded in the Register of Commerce and published in the *Official Gazette*. After the date of publication this decision is opposable against all shareholders.

Art. 91.

At the same time with the start of the annulment action the plaintiff may request the issuance of a stay of execution of the decision (of the general meeting) sued upon by the presiding judge.

The presiding judge upon granting the stay may order the plaintiff to post bond.

An appeal can be taken against the stay of execution order within 5 days of the issuance of the order.

`Art. 92.

The shareholders who do not agree to the decision made by the meeting concerning the change of business object, of the headquarters location, or the company's corporate form have the right to withdraw from the company and, at their choice, to obtain payment for the shares they own proportionally with the value of the assets according to the last approved annual report.

At the same time with the withdrawal request they will submit the shares that they own.

Section III

Administration of the Company

Art. 93.

The joint-stock company is managed by one or more acting and revocable managers.

If there are more administrators, they will form a Council of Administration.

If the incorporation contract or by-laws do not provide otherwise the sole administrator or the president of the Council of Administration and at least half of the administrators shall be Romanian citizens.

The appointment and replacement of the administrators are exclusively made by the general meeting of the shareholders.

The first administrators can be appointed by the incorporation contract, but the term of their mandate cannot be longer than four years.

If the term of the mandate was not set by the incorporation contract or by-laws, it is for two years.

If the company contract or the by-laws do not provide otherwise the administrators may be reelected.

Art. 94.

The persons who, according to the present law, cannot be founders, cannot be administrators, directors or company representatives either, and if they were elected they do not have any rights.

Art. 95.

Each administrator will have to deposit a guarantee for his/her performance provided for by the company contract or by-laws, or if such provision is missing, approved by the general meeting of the shareholders.The guarantee cannot be lower than the value of ten shares or the double of the monthly salary.

If the administrator is a shareholder, the guarantee may be submitted upon his/her request, by depositing ten shares, which during his/her term are inalienable, cannot be sold or pledged and are kept by the company.

The guarantee shall be deposited prior to the beginning of the administrator’s term; it can also be deposited by a third party.

It is deemed that the administrator resigned if the guarantee is not deposited prior to the date he/she had to begin his/her

term.

The guarantee remains in the company’s treasury and it can be returned to the administrator only after the general meeting approved the annual report release.

Art. 96.

The signatures of the administrators shall be deposited at the Register of Commerce together with a certificate issued by the auditors certifying the deposit of the guarantees.

Art. 97.

If the incorporation contract or the by-laws do not provide for a higher number, the personal attendance of at least half of the number of administrators is necessary for the validity of the decisions of the Council of Administration.

Art. 98.

The Council of Administration may delegate part of its powers to a managing committee composed of members elected from the ranks of administrators and shall also set their remuneration.

The president of the Council of Administration is also the general director or director and in such a position he runs the managing committee.

If the decision of the Council of Administration concerning the amount necessary for the remuneration of the members of the managing committee goes beyond the provisions of the by-laws or if the by-laws do not provide anything in this respect, then it must be ratified by the general meeting.

The decisions of the managing committee shall be made with the absolute majority of the votes of its members.

The managing committee is obliged to submit at each meeting of the board of administration its minute file.

At the managing committee (meetings) the vote cannot be exercised through a representative.

Art. 99.

The appointment of the employees of the company shall be made by the Council of Administration if the incorporation contract or by-laws do not provide otherwise.

The Council of Administration may at any time revoke the persons appointed to the managing committee.

Art. 100.

No one can be appointed to more than three Councils of Administration at the same time.

The interdiction provided for in paragraph 1 does not concern the cases when the person elected for the Council of Administration is owner of at least one fourth of the total of shares or he/she is administrator of a company which holds the above shown quota.

The person who does not comply with the above mentioned provision will lose according to the chronological order, the position of administrator, obtained by exceeding the legal number of consequent appointments, and he/she will be sentenced to make payment of the remuneration and the other benefits and to return all amounts received to the state.

The legal action against the administrator can be exercised by any shareholder or by the Ministry of Finance.

The members of the management committee and the directors of the joint-stock company cannot be, without the authorization of the Council of Administration, members of the managing committee, auditors, and associates with unlimited liability, of other competing companies or with the same business object, nor exercise the same trade or a competing one on their own account or on any other person's account (the violation of this provision will entail revocation and liability for damages).

Art. 101.

The administrators shall not, without the approval of the general meeting, conclude contracts on behalf of the company to purchase real estate, installations, and assets for a long-term use by the company, for a price exceeding totally or partially one tenth of the registered capital, if the incorporation contract or the by-laws do not provide otherwise.

Art.102.

The administrators are responsible for meeting their obligations according to the provisions of Arts. 42 and 43.

The managing committee, all administrators are liable to the company for the acts of the directors or employees, when the damages would not have occurred if they had exercised the supervision required by the duties of their appointment.

The managing committee must inform the Council of Administration of all violations found by exercising its duty of supervision.

The administrators of the joint-stock company are jointly liable together with their immediate predecessors if, having knowledge of the irregularities committed by these predecessors, they do not disclose them to the auditors.

In the companies with several administrators, the liability for acts omissions does not extend to the administrators who registered their opposition in the book of decisions of the Council of Administration and informed the auditors about that in writing.

An administrator shall be liable for the decisions made at meetings which he/she did not attend, if within a month since he/she got knowledge of these decisions he/she did not register his/her opposition in the forms shown in the precedent paragraphs.

Art. 103.

The administrator who, in a certain transaction, has direct or indirect interests contrary to the interests of the company must inform the other administrators and auditors about that and not take part in proceedings concerning this transaction.

The administrator has the same obligation if he/she knows that his/her spouse, relatives or their associates up to the fourth class are interested in a certain transaction.

The administrator who does not comply with the provisions of para graphs 1 and 2 shall be liable to the damage

incurred by the company.

Art. 104.

The Council of Administration convenes whenever it is necessary.

It must convene at least once a month at the company head quarters, and the managing committee, at least once a week.

The notices for the meetings of the Council of Administration will include the place and the agenda of the meeting; no decision upon matters not included on the agenda can be made, except in emergencies and under the condition of ratification at the next meeting by the absentee members.

At the meetings of the Council of Administration the directors will submit written reports concerning the transactions carried out, and the managing committee will submit its minute book.

At the meeting of the Council of Administration the auditors shall also be invited.

At each meeting a minute shall be drafted which will include the matters discussed, the decisions made, the number of votes (for the decisions) and the separate opinions.

Art. 105.

The execution of the operations of a company can be entrusted to one or more executive directors, employees of the company.

The executive directors cannot be members in the Council of Administration of the company.

They are liable to the company and third parties, for not meeting their obligations, according to the provisions of Art.102, even if there is a contrary agreement.

Art.106.

Salaries and any other sums or benefits can be granted to administrators or auditors only on the basis of a decision of the general meeting.

Art.107.

Any shareholder has the right to bring to the attention of the auditors the matters that he/she thinks must be audited, and they have the obligation to review them; if the auditors find something of real significance they must take it into consideration when drafting their reports to the general meeting.

If the complaint is made by shareholders representing at least one fourth of the registered capital or a lesser quota if the by-laws provide otherwise, the auditors have the obligation to submit their observations and proposals about the facts brought to their attention.

If the auditors find the complaint of the shareholders representing one fourth of the registered capital to be justified and urgent, they have the obligation to immediately call the general meeting; otherwise they have to report to the next meeting. The meeting must make a decision concerning the matters complained about.

The fourth part of the capital is proven by the deposit of shares at banks or savings institutions in Romania or at their units.

The shares shall remain deposited until after the general meeting and will also be used to identify the shareholders participating in the meeting.

Art.108.

The legal action against the founders, administrators, auditors and directors, can be initiated by the general meeting, which shall decide upon it by the majority provided for by Art.74.

The decision can be made even if the matter of their liability is not included on the agenda.

The general meeting designates with the same majority the person in charge of pursuing the legal action.

If the general meeting decides to start legal action against the administrators, their mandate ceases by law and the meeting will proceed to their replacement.

If the legal action is taken against the directors, these are suspended by law from their position until the court decision becomes final.

Art. 109.

If the seat of one or more administrators becomes vacant, the other administrators, together with the auditors, with a quorum of two thirds and with absolute majority, proceed if the incorporation contract or the by-laws do not provide otherwise to the appointment of a temporary administrator until the next general meeting.

If there is a sole administrator and he/she wants to retire, the general meeting has to be called. In cases of death or physical incapacity of the administrator, the temporary appointment will be made by the auditors, but the general meeting shall be convened by an emergency call for the permanent appointment of the administrator.

Art. 110.

Upon finding out about the loss of half of the capital, the administrators have the obligation to convene an extraordinary general meeting to decide the rebuilding of the capital, or the reduction of the capital to the actual value, or the dissolution of the company.

The incorporation contract and by-laws may provide that the extraordinary meeting be convened even for a lower loss.

If even after the second call the quorum provided for by Art.76 is not met, the administrators shall ask the court in the area where the company headquarters are located, to appoint an expert, who shall review the loss of capital. The court, on the basis of the expert report, and finding the loss provided for by paragraphs 1 and 2, shall issue an order authorizing the administrators to call the general meeting, which in turn can decide the reduction of capital to the actual value or the dissolution of the company, with as many shareholders as are present.

Section IV

Auditors

Art. 111.

If the incorporation contract or the by-laws do not provide for a higher number, the joint-stock company shall have three auditors and the same number of deputies. The number of auditors must be odd in all cases.

Initially, the auditors are elected by the constitutive meeting, the duration of their mandate is three years, and they can be reelected.

The auditors must personally exercise their mandate.

At least one of them must be an accountant legally certified or an expert accountant.

At the companies in which the state holds at least twenty per cent of the registered capital, one of the auditors shall be recommended by the Ministry of Finance.

The majority of the auditors and deputies shall be Romanian citizens.

The auditors have the obligation to deposit within the time period shown under Art. 95, the third part of the guarantees requested for administrators.

Art.112.

Except the accountant auditors, the auditors must be shareholders.

The following cannot be auditors and if they were elected their election would be void:

a) relatives, their associates up to the fourth class included, and the wives of the administrators;

b) the persons who receive a salary or remuneration in any form for work other than auditor from the administrators according to Art.49.

The auditors are paid a fixed salary established by the by-laws or the general meeting which appointed them.

Art. 113.

Upon the death, physical or legal incapacity, termination or resignation of auditor, he/she will be replaced by the oldest deputy.

If the number of auditors cannot be completed in such manner, the remaining auditors shall appoint other persons for the vacant position, until the next general meeting.

If none of the auditors keeps his/her position, the administrators shall urgently call the general meeting, which shall proceed to appoint other auditors.

Art.114.

The auditors have the obligation to survey the administration of the company, to check whether the annual report and the profit and loss account are legally accounted for, and in accordance with the books, if the valuation of the assets was made according to the rules established for drafting the annual report.

The auditors shall issue a detailed report to the general meeting about the matters mentioned in the hereinabove shown paragraph, and also on the proposal that they think are necessary concerning the annual report and distribution of profits.

The general meeting cannot approve the annual report and the profit and loss account if these are not accompanied by the auditors' report.

The auditors also have the following obligations:

a) to inspect the treasury monthly and unexpectedly and to check the existence of commercial papers or valuables which are the property of the company or have been received as pledge, surety or deposit;

b) to call the ordinary or extraordinary meetings if they were not called by administrators;

c) to take part in the ordinary and extraordinary meetings having the power to include on the agenda the proposals that they think necessary;

d) to ascertain the regular deposit of the guarantees by the administrators;

e) to make sure that the legal provisions, the terms of the incorporation contract and by-laws are complied with by the administrators and liquidators.

The auditors shall bring to the attention of the administrators the irregularities of the administration, and the violations of the legal provisions and corporate rules that they find, and shall bring to the attention of the general meeting the most important cases.

Art.115.

The auditors have the right to obtain a monthly operation report from the administrators.

The auditors participate in the meetings of the administrators without a voting right.

The auditors are prohibited to disclose data concerning the company's operations, that was acquired during the exercise of their mandate, especially to the shareholders or third parties.

Art. 116.

To meet the obligation provided for by Art. 114 al. 2, the auditors shall confer together; in case of disagreement they can make separate reports, which shall have to be submitted to the general meeting.

The auditors may work separately to meet the other obligations provided for by the law.

The auditors shall record in a special register their debates and findings during the exercise of their mandate.

Art. 117.

The extent and the effects of the liability of the auditors are determined by the rules applicable to the mandate.

Their revocation could be made only by the general meeting, with the vote requested at the extraordinary meetings.

The provisions of Arts.43, 100 and 108 are applicable to auditors.

Section V

Issuance of Bonds

Art. 118.

The joint-stock companies may issue bearer or nominal bonds, for an amount not exceeding three quarters of the deposited and existing capital, according to the last approved annual report.

The nominal value of a bond cannot be less than one hundred ROL.

The bonds of the same issue must be equal in value and grant the same rights to their owners.

Art. 119.

In order to proceed to the issuance of bonds by public subscription the administrators will publish a prospectus reviewed by the court in the area where the company headquarters are located, which will include:

a) name, business, purpose, headquarters address and duration of the company;

b) the registered capital and the reserves;

c) the date of the incorporation contract, of the alterations and the date of their publication;

e) the classes of shares issued by the company;

f) the total value of the bonds, which shall be issued and those which have already been issued, the method of reimbursement, the nominal value of the bonds, their interest, a mention on whether there are nominal or bearer bonds;

g) the liens on the real estate property of the company;

h) the date at which the decision of the general meeting which approved the bond issue was published.

Art.120.

The bond subscription will be recorded on the copies of the prospectus.

The value of the inscribed bonds must be fully deposited.

The bonds must include the data shown under Art.119, the se quential number, and the schedule of capital and interest payments.

The bonds shall be signed according to the provisions of Art.62, par.4.

Art.121.

The bondholders can convene a general meeting to deliberate upon their interests.

The meeting will be convened at the expense of the company which issued the bonds upon the request of a number of bondholders who represent one fourth of the issued and unpaid upon bonds, or, once they were appointed, upon the request of the representatives of the bondholders.

The rules provided for the ordinary meeting of the shareholders are also applicable to the meeting of bondholders as fast as the formalities, conditions, notice, terms, deposit of bonds, and voting are concerned.

The issuing company cannot participate in the debates of the meeting of bondholders, on the basis of the bonds that it owns.

The bondholders can be represented by representatives other than the administrators, auditors or the employees.

Art. 122.

The legally convened bondholders meeting can do the following:

a) appoint a representative of bondholders and one or more deputies, who have the right to represent them against the company and in court, setting their remuneration; they cannot get involved in the administration of the company, but may attend its general meetings;

b) carry out all the acts of supervision and protection of their common interest or authorize a representative to carry them out;

c) set up a fund, which could be taken from the interest due to bondholders, to pay for the expenses necessary for the defense of their rights, establishing at the same time the rule for the administration of this fund;

d) oppose any change of the company by-laws or of the conditions of the loan (for which the bonds were issued), which could affect the rights of bondholders;

e) render an opinion concerning the issuance of new bonds.

The decisions of the meeting shall be brought to the attention of the company within three days since their adoption at the most.

Art. 123.

A decision with a majority representing at least one third of the issued and unpaid bonds must be taken in order to ensure the validity of the proceedings provided for under Art.122 pars. a, b, c; in the order cases the presence at the meeting of the bondholders representing at least two thirds of the unpaid bonds, and the favorable vote of at least four fifths of the bonds represented at the meeting is required.

Art. 124.

The decisions made by the meeting of bondholders are also on binding the bondholders who did not attend the meeting or voted against.

The bondholders who did not participate in the meeting or voted against, and requested to have their opposition recorded in the minute within the period and with the effects shown under Arts. 90 and 91 may take legal action against the decisions made by the meeting of bondholders in the competent court where the company headquarters are located.

Art. 125.

The legal action of a bondholder against the company is not admissible if it has the same objective as a legal action started by the representative of bondholders or is contrary to a decision of the meeting of bondholders.

Art. 126.

The bonds are payable by the issuing company on the due date.

Prior to the due date bonds of the same issue and of the same value can be paid for with a sum set by the company, higher than their nominal value, at a publicly announced lottery with at least 15 days in advance.

Section VI

Books of the Company and the Annual Report

Art. 127.

In addition to the records provided for by law, the joint-stock companies must keep:

a) a register of the shareholders which shall show for each case the last name, the first name, the trade name, the domicile or headquarters address of the shareholders holding nominal shares, and also payments made for the share accounts;

b) a register of the sessions and debates of the general meetings;

c) a register of the meetings and debates of the Council of Administration;

d) a register of the meetings and debates of the managing committee;

e) a register of the debates and findings made by auditors exercising their mandate;

f) a register of bonds, which will show the total of issued and paid for bonds, and for the nominal bonds also the last name, first name, trade name, domicile or headquarters address of the bondholders.

The Council of Administration shall be in charge to keep the registers provided for by pars. a, b, c, and f, the managing committee shall be in charge to keep the one provided for by par. d, and the auditors shall be in charge to keep the one provided for by par. e.

Art. 128.

The administrators have the obligation to provide access to the books provided for under Art.127, pars. a and b, to the shareholders and to issue upon request excerpt copies at the expense of the applicant shareholder.

They also have the obligation to provide access in the same conditions to the book provided for under Art.127, to the shareholders.

Art. 129.

At least one month prior to the day set for the general meeting the administrators have to submit the company report for the previous fiscal period and the profit and loss account together with their report and supporting documents.

Art. 130.

The annual report and the profit and loss account shall be prepared according to the conditions provided for by the law.

Art. 131.

At least 5% of the company profits shall be set aside each year for the formation of the reserve fund, until this will reach a minimum equivalent of a fifth of the registered capital.

If for any reason, after formation, the reserve fund is reduced, then it shall be replenished according to the provisions of par.1.

Even though the reserve fund did reach the level provided for by par.1 it shall also include the profit obtained by the sale of the shares at a higher price than their nominal value, if this profit is not used for the payment of issuance or amortization expenses.

The founders, administrators, and the personnel of the company will share in the profits, if it is so provided by the incorporation contract or by-laws, or, in the absence of such provision, this was approved by the extraordinary meeting.

In all cases, the conditions of the participation (in profits) shall be established by the general meeting for each fiscal period.

Art.132.

A copy of the annual report together with the reports of the administrators and auditors shall be deposited at the company headquarters, at the branches and subsidiaries within the 15 days proceeding the general meeting in order to be reviewed by shareholders.

At their own expenses, the shareholders could ask for copies of the annual report, the report of the council of administration, and auditors drawn up for the general meeting.

Art. 133.

Within 15 days of the date of the general meeting the administrators have the obligation to deposit a copy of the annual report, accompanied by the profit and loss account, the report of the auditors, and the minute of the general meeting at the Register of Commerce and Financial Administration.

The annual report and the profit and loss account shall be published in the *Official Gazette*.

Art. 134.

The approval of the annual report does not impede the right to legal action against administrators, directors, or auditors concerning their responsibility.

Chapter V Limited Partnerships by Shares

Art. 135.

The limited partnership by shares is regulated by the provisions concerning the joint-stock companies, with the exception of the provisions of this chapter.

Art. 136.

The administration of the partnership is entrusted to one or more general partners.

The general partners are subject to the provisions of Arts.50-53, and the limited partners to those of Arts.59, 60.

Art. 137.

In the limited partnership by shares, the administrators can be revoked at the general meeting of the partners by a decision made by the majority established for the extraordinary general meetings.

The general meeting shall elect another person instead of the administrator who has been revoked, died or ceased to exercise his/her mandate, with the same majority, and in accordance with the provisions of Art.94.

If there are several administrators the appointment must be approved by them as well.

The new administrator becomes general partner.

The revoked administrator has unlimited liability, for the obligations that he/she incurred during his/her administration, to third parties, but he/she has recourse against the limited partnership by shares.

Art. 138.

The general partners who are administrators cannot participate in the debates of the general meeting for the election of auditors, even though they own shares of the limited partnership by shares.

Chapter VI Limited Liability Companies

Art. 139.

The decisions of the shareholders shall be made at the general meeting.

The by-laws can provide that the voting can also be made by mail.

Art. 140.

The general meeting decides by a vote representing the absolute majority of the shareholders and shares.

If there are no contrary legal provisions, the vote of all shareholders is necessary for the decisions having as objective changes of the incorporation contract or by-laws.

Art. 141.

Each share gives right to a vote. A shareholder cannot exercise his/her voting right in the debates of the shareholder meetings concerning his/her contribution in kind, or the legal transactions concluded between him/her and the company.

If the legally convened general meeting cannot make a valid decision because of lack of required majority, the general meeting convened again can make decisions on the matters on the agenda, whatever the number of shares and shareholders represented by the attending shareholders.

Art. 142.

The general meeting of the shareholders has the following main duties:

a) to approve the annual report and provide for the participation in the net profit;

b) to appoint the administrators and auditors, to revoke them and release them from their activity;

c) to decide the prosecution of administrators and auditors for the damages caused to the company, also appointing the person in charge of the formalities for prosecution;

d) to alter the by-laws.

In the last case, if the incorporation contract or the by-laws provide for the right of withdrawal of the shareholder if he/she does not agree to their alterations, the provisions of Arts.167 and 168 are applicable.

Art. 143.

The administrators have the obligation to convene the general meeting at the headquarters at least once a year or whenever necessary.

A shareholder or a number of shareholders representing at least one fourth of the registered capital can request the calling of the general meeting, indicating the purpose of such convocation.

The meeting shall be called in the form provided for in the by-laws, and in the absence of a special provision, by certified letter including the agenda, mailed at least 10 days prior to the date set for holding the meeting.

Art.144.

The rules provided for the joint-stock companies concerning the right to take legal action against the decisions of the general meeting are also applicable to limited liability companies.

Art. 145.

The limited liability company is managed by one or more administrators, who may be or not shareholders, appointed by the incorporation contract or the general meeting.

The administrators shall be revoked and shall be liable for damages if they accept the mandate of administrator in other competing companies, or with the same business object, or engage in the same or competing trade on their own account or on the account of other physical or legal persons, without the authorization of the general meeting.

The provisions of Arts.45, 46 47 and 49 are also applicable to the limited liability companies.

Art. 146.

By care of the administrators, the limited liability company must keep a register of shareholders, where the last name, the first name, the trade name, the domicile, or headquarters of each shareholder, his/her shares of the registered capital, share transfers or any changes of the above shall be recorded.

The administrators are personally and jointly liable for any damages caused by breach of par.1 provisions.

The register can be reviewed by shareholders and creditors.

Art. 147.

The by-laws can provide for the election of one or several auditors by the shareholders meeting.

The appointment of auditors is mandatory if there are more than 15 auditors.

The provisions applicable to the auditors of the joint-stock companies are also applicable to the auditors of the limited liability companies.

In the absence of auditors, each shareholder, who is not an administrator of the company, shall exercise the right of control that belongs to partners in partnerships.

Art. 148.

The limited liability company cannot issue bonds.

Art. 149.

The annual report of the limited liability company shall be prepared according to the rules provided for the joint stock company. It will be approved by the general meeting of the shareholders and deposited by administrators, within 15 days, at the Register of Commerce, to be recorded in the Register of Commerce and published in the *Official Gazette*.

Art. 150.

The shares can be transferred between the shareholders.

The transfer to persons outside the limited liability company is allowed only if it was approved by shareholders representing at least three fourths of the registered capital.

In case of acquisition of a share by inheritance, the provisions of par. 2 are not applicable if the incorporation contract or the by-laws do not provide otherwise; in this last case, the company has the obligation to pay the successors for the shares, according to the last approved annual report.

In case the number of the shareholders goes beyond the legal maximum, because of the number of successors, these shall have the obligation to appoint a number of representatives, which shall not go beyond the legal maximum.

Art. 151.

The periodical contributions in kind are not transferrable without the agreement of the general meeting.

In case of death of the shareholder who had the obligation of periodical transfers in kind, the general meeting could pay within two months the value of the contributions in kind already received, according to the last approved annual report, if the company does not choose to continue with the accepting successors.

Art. 152.

The transfer of shares must be recorded in the Register of Commerce and in the shareholder register of the company.

The transfer is effective against third parties only as of the moment of its recording in the Register of Commerce.

TITLE IV Alteration of the Incorporation or Partnership Contract of By-Laws

Chapter I General Provisions

Art. 153.

The incorporation or the partnership contract or the by-laws can be altered by shareholders or partners in accordance with the provisions of the present law and the conditions concerning the form and publication provided for by the contract and by-laws.

Art. 154.

The personal creditors of the partners in a partnership, limited partnership, of shareholders of a limited liability company can oppose the decision for the extension of the duration of the partnership or the company beyond the term provided for it, if their rights were established by a prior title of execution.

The opposition shall be made in court within 15 days at most since the date of publication of the decision.

The opposition stays the extension of the duration of the partnership or the company as to the opponents.

If the opposition was admitted by a final judgement, the partners or the shareholders must decide within a month since the issuance of the judgement, if they understand to renounce the extension or to expel the partner or shareholder debtor out of the partnership or the company.

In this last case, the rights due to the partner or shareholder debtor shall be computed on the basis of the last approved annual report.

Chapter II Reduction or Increase of the Registered Capital

Art. 155.

The reduction of the registered capital can be made only after the expiration of two months since the day the decision was published by the *Official Gazette*.

The decision has to be in compliance with the minimum of legal capital, when that is set by the law, to show the reasons causing the reduction and the procedure used to achieve it.

Any prior creditor of the partnership or the company can file opposition papers in court within the time period shown in par.1.

The opposition stays the execution of the decision until its withdrawal or rejection through a final judgement of the court.

Art.156.

If the company issued bonds, the capital reduction can only be achieved by paying back the shareholders the amounts paid for the shares, proportionally reduced with the value of the bond paid for.

Art. 157.

The decision of the extraordinary meeting for the increase of the registered capital shall be published by the *Official Gazette*; there will be a waiting period of at least one month since the date of publication for the exercise of the preemptive right.

Art.158.

The joint-stock company can increase its registered capital with the observance of the rules set for the incorporation of the company.

In case of public subscription, the prospectus bearing the authentic signatures of two of the administrators shall be deposited with the Register of Commerce for compliance with the formalities provided for by Art. 10 and shall include:

a) the date and number of registration of the company in the Register of Commerce;

b) the name and headquarters of the company;

c) subscribed and paid registered capital;

d) the last and first names of the administrators, auditors, and their domicile;

e) the last approved annual report, the profit and loss account, and the auditors' report;

f) the dividends paid within the last five years or since incorporation, if since that date there are less than five years;

g) the bonds issued by the company;

h) the decision of the general meeting concerning the new issue of shares, their total value, their number and nominal value, their kind, information concerning contributions other than cash, advantages granted for such contributions and the first date that the dividends shall be paid.

The acceptant (who acquires the new shares) can invoke the nullity of the prospectus which does not include all the above mentions, if he/she did not exercise in any manner the rights and obligations of a shareholder.

Art.159.

In case of an increase of the registered capital the administrators are jointly liable for the accuracy of the information shown in the prospectus, in the publications issued by the company or in the applications submitted to the Register of Commerce in order to increase the capital.

Art.160.

If the increase of the registered capital is done by contributions in kind, the extraordinary meeting which decided that, will appoint one or more experts, according to Arts.18 and 23.

After the admission of the report of experts, the extraordinary meeting convened again upon taking in consideration the conclusions of the experts, can decide the increase of the capital.

The decision of the meeting must include the description of the contributions in kind, the names of the persons making such contributions and the number of shares issued in exchange.

Art. 161.

The shares issued to increase the capital shall be at first offered for subscription to the other shareholders proportionally with the number of shares they own and with the obligation that they shall exercise their preemption right within the time period decided by the general meeting, if the incorporation contract or the by-laws do not provide otherwise.

Upon the expiration of such period the shares could be offered for subscription to the public.

Art. 162.

The decision of the meeting concerning the increase of the capital will be effective only if it is implemented within one year of that date.

Art. 163.

Upon the increase of capital the provisions of Art. 64, par.2 and Art. 66 are applicable.

Art. 164.

The limited liability company can increase its capital in accordance with the provisions concerning the incorporation of such companies.

TITLE V Exclusion of Partners and Shareholders

Art. 165.

The following can be excluded from a partnership, limited liability company or limited partnership:

a) the partner or the shareholder, who upon being given notice that he/she is late, fails to make the contribution that he/she was bound to;

b) the partner with unlimited liability who becomes bankrupt or legally incompetent;

c) the partner with unlimited liability, who without any right interferes with the administration, or violates the provisions of Arts. 50 and 52;

d) the partner or the shareholder who commits a fraud causing damage to the company or uses the registered signature or capital for his or other's benefit.

The provisions of this article are also applicable to the limited partnership by shares.

Art. 166.

The exclusion is resolved by a court decision following the request of the partnership, or the company, or a partner, or an associate.

If the exclusion is required by a partner or a shareholder the defendant shall be summoned.

The final exclusion shall be deposited within 15 days at the Register of Commerce to be recorded, and the rolling part of the decision shall be published upon the request of the partnership or the company in the *Official Gazette*.

Art. 167.

The excluded partner or shareholder is liable for losses and is entitled to profit up to the day of his/her exclusion, but he/she cannot ask for the liquidation of the losses until these are allocated according to the partnership or incorporation contract.

The excluded partner or shareholder is not entitled to a proportional share of the assets, but only to a sum of money representing its equivalent.

Art. 168.

The excluded partner or shareholder remains liable to third parties for the transactions of the partnership or the company until the day when the exclusion judgement becomes final.

If, at any time of the exclusion, there are transactions pending, the partner or the shareholder must bear the consequences and cannot obtain his/her share until after these transactions are finalized.

TITLE VI Dissolution and Merger of Companies

Chapter I Dissolution of Companies

Art. 169.

The following can cause the dissolution of companies and partnerships and give each shareholder the right to ask for liquidation:

a) the expiration of the period set for the duration of the partnership or the company;

b) the impossibility to attain the business object of the partnership or the company;

c) the decision of the general meeting;

d) bankruptcy;

e) the reduction of the registered capital in the case shown under Article 110, or the reduction of the registered capital below the legal minimum, if the partner or the shareholders do not decide its completion;

f) the joint-stock companies shall also dissolve if the number of the shareholders was reduced to less than five, there are more than 6 months since that reduction and the number was not completed.

The dissolution of the business organizations must be recorded in the Register of Commerce and published in the *Official Gazette*, except the case provided under par. a.

The recording and the publication shall be made according to Art.153, if the dissolution is caused by a decision of the general meeting and within 15 days since the judgement becomes final, if the dissolution is decided by the court.

Art. 170.

The partnership and the limited liability companies shall dissolve following the bankruptcy, incompetence, exclusion, withdrawal or death of one of the partners or shareholders, if due to the above mentioned reasons the number of partners or share holders was reduced to only one and there is no continuation provision for the successors, except Arts. 210 and 211.

If the limited partnership and the limited partnership by shares have only one general partner, his/her death causes the dissolution of the partnership if there is no continuation provision for the successors; the partnership shall also dissolve following the incompetence, exclusion, withdrawal or bankruptcy of the only general partner.

For the limited partnerships with only one limited partner, his/her death shall cause the dissolution of the limited partnership if there is no continuation provision for the successors. The limited partnership shall also dissolve by the withdrawal, exclusion or bankruptcy of the only limited partner.

Art. 171. If the partner in a partnership dies and if there is no contrary provision the partnership must pay his/her (partnership) share to the successors after the last approved annual report within three months since the notification of the death of the partner if the remaining partners do not choose to continue the partnership with the successor who agrees to that.

The provisions of par.1 are also applicable to the limited partnerships upon the death of one of the general partners, unless his/her successors choose to continue as a general partner.

The successors shall be liable according to Art.167 until the publication of the changes in the partnership.

Art. 172.

Upon the dissolution of the partnership or the company, the administrators must start the liquidation proceedings, if the law, incorporation or partnership contract, by-laws, general meeting or the court which issued the dissolution order do not provide otherwise.

As of the time of dissolution, the administrators cannot undertake new transactions, otherwise they are personally and jointly liable for the transactions that they undertook.

The provision under par. 2 is applicable as of the day of expiration of the term set for the duration of the partnership or the company, or as of the date when the dissolution was decided by the general meeting or by the court.

Art. 173. The dissolution of the partnership or the company prior to the expiration of the team set for the duration of the partnership or the company is effective against third parties only after 30 days since publication in the *Official Gazette*.

The third parties can oppose the dissolution of the partnership or the company within the time period provided for by par.1; the opposition stays the execution of the dissolution decision if the conditions provided by Art. 155, par.4 are met.

Chapter II Merger of Partnerships or Companies

Art.174.

The merger of several partnerships or companies is decided by each partnership or company.

Each of the partnerships or companies is decided by each partner ship or company.

Each partnership or company that decided the merger must meet the conditions provided by Art.153.

The annual report prepared for this purpose by each partnership or company together with the request for registration of the merger decision shall be submitted to the Register of Commerce to be recorded in the register.

The partnership or the company which ceases to exist following a merger shall submit a statement concerning the manner in which it decided to pay off its liabilities, which must be recorded with the Register of Commerce.

Art. 175.

The merger can be effective only after the expiration of three months since the publication in the *Official Gazette*, except in the cases where the payment of all debts or the deposit of such money with the Savings Bank or the Financial Administration was not justified, or the creditors agreed to an earlier date.

If the merger provided under par.1 expires without opposition being made, the merger will be executed and the surviving partnership or company or that resulting after the merger shall have the rights and obligations of the partnership or the company ceasing their activities.

TITLE VII Liquidation of Partnerships and Companies

Chapter I General Provisions

Art. 176.

Even if the incorporation or partnership contract or the by-laws provide rules for the liquidation and distribution of the assets, the following rules are mandatory:

a) the administrators continue their mandates until the appointment of the liquidators with the exceptions set out under Art.172;

b) the decision for the appointment of liquidators or the court decision (issued for such purpose) and any subsequent document, which would cause a change of liquidation must be deposited by care of liquidators with the Register of Commerce to be immediately recorded and published by the *Official Gazette*.

The liquidators will submit their signatures with the Register of Commerce and take over their positions only after the formalities provided for under Art.1 are completed.

Following the publication provided for under par. b, legal action on behalf of the partnership or the company can be taken only by liquidators and the partnership or the company can be sued only by suing the liquidators.

In addition to the provisions of this section, the rules provided for by the partnership or incorporation contract, by-laws and by law, if they are not incompatible with the liquidation, are applicable.

All documents issued by the partnership or the company must indicate that they are in liquidation.

Art.177.

The liquidators have the same responsibilities as administrators.

Immediately after beginning their work they have the obligation, together with the administrators, to prepare and sign an inventory and a report, which will indicate the exact situation of the assets and liabilities of the partnership or the company.

The liquidators have the obligation to receive and accept the assets of the partnership or the company, the books entrusted to them by the administrators, and the archive. Also, they shall keep a register with the chronological order of the transactions concerning the liquidation.

The liquidators are carrying their mandate under the control of the auditors.

Art.178.

In addition to the powers conferred to the liquidators by partners or shareholders, with the same majority required for their appointment, the liquidators can do the following:

a) Sue or be sued for liquidation purposes;

b) Execute and terminate the transactions concerning the liquidation;

c) Sell by public auction the real estate and chattels of the partnership or company; the assets cannot be sold wholesale;

d) Transact;

e) Liquidate and cash the debts owed to the partnership or the company, even if the debtor is bankrupt, and issue receipts (for the amount paid);

f) Issue commercial paper, take unsecured loans, and do any other necessary acts.

However, they cannot, in the absence of special provisions in the partnership or incorporation contract, by-laws, or appointment decision, mortgage the assets of the partnership or the company, if they are not authorized by the court upon the advice of the auditors.

The liquidators undertaking new transactions which are not necessary for the liquidation purposes are personally and jointly liable for their execution.

Art. 179.

The liquidators cannot pay any sums representing shares of the liquidation proceeds to the partners or shareholders prior to paying off the creditors of the partnership or the company.

If, in addition to what is necessary to pay off all liabilities of the partnership or the company which are due or will be due, there remains an amount available of at least ten percent of the total required to pay off the liabilities, the partners or the shareholders can ask that the sums obtained by liquidators be deposited according to the provisions of Art. 175, al. 1, and even be distributed according to the shareholdings.

The creditors can oppose the decisions of the shareholders according to Art. 154.

Art. 180.

The liquidators who demonstrate, by submitting a financial report, that funds available to the partnership or the company are not available to pay off the liabilities, must ask for the necessary amounts from the partners with unlimited liability, or from the partners and the shareholders who did not pay in full the sums that they owed if they are bound to supply them, according to the type of company, or if they are liable to the company for default of payment to which they were bound in their quality as associates.

Art. 181.

The liquidators who paid for the debts of the partnership or the company with their own funds do not have stronger claims than those of secured creditors.

Art. 182.

The creditors of the partnership or the company have the right to exercise legal action for collection of debts due up to the value of the assets of the partnership or the company, and only afterwards to sue the partners and the shareholders for the payment of owed debts for subscribed shares or contributions in kind to the capital.

Art. 183.

Upon completing the liquidation, the liquidators must ask for the deletion of the partnership or the company from the Register of Commerce.

The liquidation does not operate a release for the partners or the shareholders and does not impede the commencement of the bankruptcy proceedings of the partnership or the company.

Art. 184.

Upon approval of the accounts and completion of the distribution, the books and documents of the partnerships, limited partnerships and limited liability companies, which are not needed by any of the partners or the shareholders, shall be deposited with the partner or shareholder appointed by the majority.

The archive of the joint-stock companies and limited partnerships by shares shall be deposited with the Register of Commerce, where any interested party will have access to it with the authorization of the court.

The records of partnerships and companies shall be kept for five years.

Chapter II Liquidation of Partnershipsï¼Œ Limited Partnerships and Limited Liability Companies

Art. 185.

The appointment of the liquidators in the partnerships, limited partnerships, and limited liability companies shall be made by all partners,or shareholders, if the partnership or incorporation contract does not provide otherwise.

If there is no vote unanimity, the appointment of the liquidators shall be made by the court, upon the request of any partner, shareholder, or administrator, at a hearing with all partners, shareholders and administrators.

The court decision can be appealed against by partners, share holders, or administrators within fifteen days since the issuance.

Art. 186.

Upon completion of the liquidation of partnerships, limited partnerships and limited liability companies, the liquidators must prepare the liquidation report and issue proposals for asset distribution between partners and shareholders.

The disagreeing partner or shareholder can oppose in court the acts provided for by par. 1 within fifteen days since he/she had notice of the liquidation report and asset distribution proposals.

In order to decide upon the opposition, the matters concerning the liquidation shall be separated from the asset distribution matters in which the liquidators may not be involved, if they choose so.

Chapter III Liquidation of the Joint-Stock Companies and Limited Partnerships by Shares

Art.187.

The appointment of the liquidators for joint-stock companies and limited partnerships by shares shall be made by the general meeting, which decides the liquidation, unless the incorporation or partnership agreement, or the by-laws provide for otherwise.

The general meeting decides by the majority provided for the amendment of the by-laws.

If the majority was not met, the appointment shall be made by the court upon the request of any administrator, shareholder, or partner, by serving the company, the partnership and those who request it. An appeal can be filled against this decision within 15 days of the issuance.

Art. 188.

The administrators shall submit a report concerning their administration for the period between the last approved annual report and the commencing of liquidation proceedings to the liquidators.

The liquidators have the right to approve the interim report and to contest and sue over such contestations.

Art. 189.

If one or more administrators are appointed as liquidators, the interim report concerning the administration of the administrators shall be submitted to the Commercial Register and shall be published in the *Official Gazette* together with the final liquidation report.

If the administration covers a period longer than the fiscal year the interim report must be attached to the first annual report which is submitted to the general meeting by the liquidators. Any shareholder can oppose these reports in court within 15 days of their publication.

All oppositions shall be submitted jointly in order to be decided by one court decision.

Any shareholder has the right to appear in court and the decision will also be opposable to the shareholders who did not

appear.

Art. 190.

If the liquidation goes beyond the duration of the fiscal year, the liquidators have the obligation to prepare the annual report according to the law, incorporation contract, and by-laws.

Art. 191.

Upon the termination of the liquidation the liquidators shall prepare the final report indicating the part of the proceeds following the distribution of the assets, to be paid for each share. The final report signed by liquidators and accompanied by the auditors report shall be submitted to the Register of Commerce to be recorded and shall be published by the *Official Gazette*.

Any shareholder can start legal action in opposition to these reports according to Art. 189.

Art. 192.

If the term set out at Art. 189 par. 3 expires without any opposition being raised, the final report is considered as being approved by all shareholders, and the liquidators are released pending the distribution of the assets of the joint-stock company or limited partnership by shares.

Independently of the expiration of the above mentioned term the receipt of the latest distribution shall be in lieu of approval for the account and distribution of each shareholder.

Art. 193.

The sums due to shareholders which were not cashed within two months since the publication of the liquidation report shall be deposited, according to Art. 175 par. 1, mentioning the last name and first name of the shareholder, or sequential numbers of the shares if these are bearer shares.

The payment shall be made to the indicated person or the bearer and the shares shall be kept on file.

TITLE VIII Infringement on Law Concerning the Partnership and Companies

Art. 194.

The following are punishable to imprisonment from three months to two years or a fine from 20,000.00 ROL to 100,000.00 ROL:

1. the founders, the administrators, and directors who present In bad faith untrue facts concerning the formation or the financial situation of the partnership, or the company, or omit in bad faith partly or entirely (such information) in the prospectuses, reports, releases to the public or general meeting, and those who are in breach of Art. 70;

2. the administrators and directors who, in the absence of the annual report or contrary to the information included in it, or on the basis of a false annual report, cashed or paid dividends in any form out of fictitious profits or which could not be distributed;

3. the administrators, directors and other employees of the partnership or the company who, for the purpose of making a profit for them or others at the expense of the partnership or the company, disseminate false rumors, or use other fraudulent means, which cause the increase or the decrease of the value of the shares or bonds, or other commercial paper of the partnership or the company;

4. the administrators and directors who, in order to make a profit for them or others at the expense of the partnership or the company, purchase on the account of the partnership or the company shares of other partnerships or companies at a price which they know that is clearly higher than their value, or sell shares held by the partnership or the company at prices which they know that are clearly lower than their real value;

5. the administrators and directors who in bad faith use the assets or the credit of the partnership or the company for a purpose contrary to its interests or for their own benefit, or to create advantages for another partnership or company, in which they are directly or indirectly interested.

Art. 195.

Punishable with imprisonment from one month to one year or a fine from 10,000.00 ROL are the administrators and directors, who:

1. use general meeting proceedings shares which are not subscribed or distributed to the shareholders;

2. issue bonds without complying with the legal provisions;

3. issue shares of a lower value than the legal value or for a lower price than the nominal value, or issue new shares although shares of a prior issue were not fully paid for;

4. sell shares of a new issue at other prices than those decided upon by the general meeting;

5. take loans or advances secured by the shares of the company or partnership;

6. submit in bad faith an inaccurate annual report to the shareholders or present inaccurate facts concerning the financial condition of the company or partnership in order to hide the real situation.

Art. 196.

Punishable with a fine from 5,000.00 ROL to 50,000.00 ROL are the administrators and directors who:

1. acquire shares of the company or the partnership on the company’s or partnership’s account in cases prohibited by law;

2. carry out the decisions of the general meeting concerning the change of corporate or partnership form, merger or reduction of registered capital prior to the expiration of the periods provided for by law;

3. carry out the decisions of the general meeting concerning the reduction of the registered capital without having the

shareholders or partners sued for recovery of owed debts, or carry out the decision which exonerates those of the obligation of further payments;

4. deliver shares to the shareholder prior to the due date, or shares partly or totally unencumbered except in the cases provided for by law, or transfer bearer shares which are not fully paid for;

5. refuse to submit the necessary acts and documents to the experts. In the cases set out at Arts. 18 and 23, or hinder them in any way to fulfill their duties;

6. do not comply with the legal dispositions concerning the cancellation of unpaid for shares.

The administrators, who without a valid reason do not call the general meeting in the cases provided for by law, shall be punished with the same fine (hereinabove mentioned).

Art. 197.

The following shall be punished with a fine from 1,000.00 ROL to 5,000.00 ROL:

1. the administrators who do not comply with the provisions of Art.131;

2. the administrators and directors who issue shares and bonds without including the mentions provided by law.

Art. 198.

The administrators who violate even through interposed persons or simulated acts the provisions of Arts. 103 and 141, par. 2, shall be punished with a fine from 10,000.00 ROL to 50,000.00 ROL.

The same fine shall be applicable to the shareholder or partner who violates the provisions of Arts. 85 and 141, par. 2. The shareholder or partners will not be liable in case that the majority has been met without his/her vote.

Art. 199.

The administrators and directors who borrow under any form either directly or through an interposed person from the company or partnership managed by them, or from a company or partnership controlled by those, or which is controlling their company or partnership, or who cause any of those companies or partnership to issue them a guarantee for their personal debts are punishable with imprisonment from six months to one year or a fine from 10,000.00 ROL to 100,000.00 ROL.

Art. 200.

Punishable with imprisonment from three months to one year or with a fine from 10,000.00 ROL to 100,000.00 ROL are the administrators of limited liability companies who:

1. started operations on behalf of the partnership or the company even though the registered capital was not fully deposited;

2. issued negotiable instruments payable out of registered capital.

Art. 201.

The auditors who do not convene the general meeting in the cases when they have such an obligation according to the law shall be punished with imprisonment from one month to one year or with a fine from 5,000.00 ROL to 50,000.00 ROL.

The sanctions provided for by Art. 194, par. 1 and Art. 199 are also applicable to auditors.

Art.202.

The provisions of Arts. 194-200 concerning the administrators are also applicable to the administrators to the extent that these provisions concern their obligations according to their assignment.

The sanctions provided for by Art. 197 are also applicable to the liquidators who do not indicate in the documentation issued by the company or partnership that those are in liquidation.

Art. 203.

Those who recorded their shares or bonds in other names in order to be used for the formation of a majority to the prejudice of the other shareholders shall be punished with imprisonment up to one month or with a fine from 1,000.00 ROL to 20,000.00 ROL.

The same sanction is also applicable to the persons who accept, in the cases provided under par. 1, to vote in meetings as owner of shares or bonds which they do not really own.

Art. 204.

Punishable with imprisonment up to one month or with a fine from 1,000.00 ROL to 20,000.00 ROL even though their vote did not affect the decision, are the persons who:

1. in cases not allowed by law, and in exchange for a material advantage vote in a certain way at the general meetings or take no part in the voting;

2. in cases not allowed by law, cause a shareholder or bondholder, to vote in a certain way in the meetings or to take no part in the voting, in exchange for a certain profit.

Art. 205.

The persons who knowingly accept or continue to act as auditor contrary to the provisions of Art. 112, or the persons who accept the assignment of expert contrary to the provisions of Art. 19 shall be punished with imprisonment up to one year or with a fine from 10,000.00 ROL to 100,000.00 ROL.

The decisions taken by general meetings on the basis of a report of an auditor or an expert appointed in violation of Arts. 19, 23 and 112, are void of right because of the hereinabove mentioned violations.

Art. 206.

The administrators, directors, and auditors who exercise their assignments in violation of the rules provided for by this

law concerning incompatibility shall be punished with imprisonment up to one year or with a fine from 10,000.00 ROL to 100,000.00 ROL.

Art. 207.

Those who undertake commercial operations on behalf and on the account of foreign business organizations which do not meet the requirements provided for by law for operations in Romania shall be punished with jail from one month to five years or with a fine from 100,000.00 ROL to 1,000,000.00 ROL, in addition to their liability for damages caused to the Romanian state or third parties.

Art. 208.

Punishable with imprisonment from two years to 7 years are the persons guilty of fraudulent bankruptcy in one of the following forms: falsification, theft or destruction of the records of the partner ship or the company, or hiding part of the assets of the company or partnership, representation of debts which are not real, or the inclusion in the books, other documents, or the annual report of the company or the partnership of sums which are not owed, and in case of bankruptcy of the company or the partnership, of the alienation of an important part of the assets to the prejudice of the creditors.

Art. 209.

The liquidators who make payments to the shareholders or partners in violation of the provisions of Art. 179 shall be punished with a fine from 10,000.00 ROL to 100,000.00 ROL.

TITLE IX Final and Transitory Provisions

Art. 210.

If in a limited liability company the shares are owned only by one person, he/she as a sole shareholder has the rights and obligations which belong to the general meeting as provided for by this law.

If the sole shareholder is the administrator, he/she also has the obligations provided for by law for such positions.

If the company is started by a sole shareholder, the value of the contribution in kind shall be established by the court on the basis of an expertise.

In such case only the by-laws have to be prepared.

Art. 211.

A natural or legal person can be a sole shareholder in only one limited liability company.

A limited liability company cannot have as a sole shareholder another limited liability company with a sole shareholder.

Upon violation of the provisions of par. 1 and 2 any interested person and the state through the Ministry of Finance can sue for the dissolution of such company.

On the basis of the dissolution decision, the liquidation shall be carried out according to the conditions for limited liability companies provided for by this law.

Art. 212.

In the joint-stock and limited liability companies with state-owned capital the powers of the general meeting of the shareholders shall be exercised by a council of representatives of the state selected and appointed according to the conditions set out in the law for the Board of Administration of state-owned companies. The council of the representatives of the state is carrying out its activities according to the specific provisions provided for in the by-laws approved upon incorporation.

The Board of Administration of the companies in which the state is the sole shareholder is appointed according to the condition of this law with the consent of the appropriate ministry. The auditors of the companies mentioned at par. 1 shall be the representatives of the Ministry of Finance.

Art. 213.

The employment of the personnel of the partnerships and companies shall be made on the basis of a labor contract in accordance with the provisions of the Labor Code and the social security system for the personnel of state-owned companies. The compensation shall be set through the agreement of the parties by observing the minimum compensation level provided for by law.

The partnerships or companies in which the state is not a sole shareholder may also hire employees of other state-owned units, or cooperative members; these shall carry on their activities outside their work schedule at the companies or units that they come from. Also, at these partnerships or companies the old-age or third-degree disability pensioners may fully cumulate the retirement pension with the salary.

Art. 214.

If a sole shareholder in a limited liability company is also an administrator, he/she can benefit of a pension such like that from the state social security system to the extent that he/she paid his/her dues for the social security and supplementary pension.

Art. 215.

The partnership and the companies, except those with state owned capital and those with foreign participation, have a right to dispose of 50% of their net income in hard currency, the balance being exchanged at the Romanian Bank for Foreign Trade against ROL at the exchange rate in force at the date of the transaction.

The net income is to be understood as the revenues of export operations after deduction of import, commissions, taxes, dues, and other expenses in hard currency related to such transactions.

Art. 216.

The formation of companies or partnerships with foreign participation, by association with Romanian legal or natural persons, or with full foreign capital shall be accomplished with the observance of the provisions of this law and of the law concerning foreign capital investments in Romania and upon registration with the Romanian Development Agency.

The applications for foreign investments which could affect major interests of the national economy shall be approved by the Government upon the proposals of the Romanian Development Agency within 30 days of the date of registration of the application.

If the foreign investor does not receive any notification within the time period set out at paragraph 2, it is considered that the investment can be made in the conditions provided for in the application of the investor.

Art. 217.

Out of the annual income in ROL a quota equivalent to 8 to 15% of the contribution of the foreign investor to the paid capital can be transferred abroad by currency exchange through the Romanian Bank for Foreign Trade or other authorized banks. The quota shall be set by the Romanian Development Agency.

Art. 218.

The Government shall establish activities which cannot be the object of a privately held company or partnership within 10 days of this law coming into force.

Art. 219.

A set fee of 1,000.00 ROL shall be payable for the authentication of the company or partnership contract and the by-laws regardless of the amount of the capital, and in the case of companies or partnerships with foreign participation, the fee is the equivalent of the above mentioned sum in US dollars at the exchange rate in force at the date of the transaction.

Art. 220.

According to this law, Bucharest Municipality is considered as a county.

Art. 221.

The small enterprises and for-profit associations, which are legal persons organized on the basis of Decree-Law No. 54/1990 concerning the formation and operation of economic activities on the basis of free initiative could continue their activities if within 6 months of this law becoming applicable they will reorganize in one of the business organizations provided for by the present law. The business organizations formed by reorganization according to par. 1 are successors as of right of the small enterprises or associations with business purpose that they are originating from.

Art. 223.

The provisions of the Commercial Code shall add to the present law.

Art. 224.

The business organizations with foreign participation organized prior to the coming into force of the present law may continue their activity according to their constitutive charter approved according to the law.

Art. 225.

As of the date of coming into force of the present law the provisions of Arts. 220 and 236 of the Commercial Code, the provisions concerning the small enterprises and associations with business purpose which are legal persons, of the Decree-Law No. 54/1990 concerning the organization and operation of economic activities on the basis of free initiative Decree No. 424/1972 concerning the formation and functioning of joint-ventures in Romania, with the exception Arts. 15, 28, par. 1, Arts. 33 and 35, par. 2 and 3, Decree-Law No. 96/1990 concerning certain measures for the attraction of investments of foreign capital in Romania with the exception of Art. 4, par. 2, Arts. 5, 10, 12 par. 1 and Art. 13, Art. 6 of the Law No. 3/1972 concerning the domestic trade and any other contrary provisions shall be abrogated.