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Romanian banks could turn non-performing loans into stock even if they are owed less than sixty per cent of a company's total debt.

National Bank Governor Isarescu has stated that the Bank might expand the frame (...) and give up on the provision where a bank needs to own at least 60% of a company's debt to turn receivables into stock. Banks would need to create structures that would handle the management of newly gained stakes. Management needs to be outsourced. Banks are not ready for something like this (...). Banks need to set up structures that can handle these stakes,

Promoting prescription medicine is forbidden on Romanian TV or radio, but broadcasters are allowed to advertise medical practices, clinics and pharmacies, according to amendments to Romania's broadcasting Code.

Adverts for medicine must include: the product's name, its generic name (if it contains a single active substance), its therapeutic purpose and the warning "This is a drug. Read the specification carefully." The warning must be spoken clearly, to ensure the accurate perception of the message.

The amendments to the Code forbid medical products or treatments, as well as food supplements, to be advertised bearing endorsements. The new Code also prohibits adverts for such products from being aired during children's programming or in the breaks before and after such shows. Producers and distributors of medical products or treatments, or of food supplements, may not sponsor shows aimed at children. Advertising products or treatments for sexual issues is only permitted between 10 p.m. and 6 a.m. Ads for food products used in weight loss diets must not refer to the speed of weight loss, reduction in appetite or increase in perceived satiety, except as allowed by Regulation (EC) no. 1924/2006. The ads must include a written and spoken warning: "See your doctor before starting the diet." The new broadcasting Code will enter force once it is published in the Official Journal.

Companies under the authority of Romania's Ministry of Transport will be required to report monthly on the way monies were spent.

The decision is required to spend public money more efficiently and transparently, to reduce the losses of its subordinate companies, and their debts to the state budget, by the end of the year. The companies will inform the Ministry on the 24th of each month, about their public procurement auctions and contracted services including design, consultancy, work supervision, technical assistance and execution. The companies which answer to the Ministry include the railway operators CFR SA, CFR Calatori, CFR Marfa, road authority CNADNR, Tarom, subway operator Metrorex and the airports Otopeni, Baneasa (Bucharest) and Traian Vuia (Timisoara).

The European Commission's report on the Cooperation and Verification Mechanism says main challenge "will be to prepare successfully for the entry into force of the four new codes."

The codes introduce an entirely new legislative framework and procedures in civil and criminal law which presents a challenge given the existing shortcomings regarding capacity and consistency of the judicial process. The Commission points out that "Romania has taken an important step in launching

an impact assessment of the new codes with a view to evaluating implications regarding staff and the necessary legislative and structural adjustments.

The European Commission's interim report on Romania's justice system, noted improvements in speeding up trials.

Romania has removed an important cause of delay in high level corruption trials through the adoption of amendments to the Law on the Constitutional Court. These amendments, which follow recommendations by the Commission, eliminate the suspension of trials when exceptions of unconstitutionality are raised. The first positive effects on specific cases have already been observed.

Romanians younger than 35 who want to start a company can submit business plans to a program supporting young entrepreneurs.

The Government has approved an emergency ordinance whereby young entrepreneurs will be eligible for up to EUR 10,000 as non-refundable financing to start their own micro-company, as long as they hire at least two employees and reinvest 50% of their profit every year. Young entrepreneurs will receive up to 50% of the value but no more than EUR 10,000, plus counselling and support, from the Agency for the Implementation of Projects and Programs for Small and Medium Enterprises (AIPPIMM). The business will be exempt from paying social security contributions on the income paid to four employees hired for an indefinite period, as well as from the fees charged by national or local Trade Registry Offices. Business plans must state investments in tangible and/or intangible assets for a definite period of time. To get bank loans for export production and investments in the expansion and development of the new businesses, the state will grant guarantees for up to 80% of the loan value, but no more than EUR80,000. Incentives, will no longer be granted if a company's turnover for the current year exceeds the equivalent in lei of EUR 500,000, or when the company is three years old.

The documents of Banca Romana de Comert Exterior – Bancorex, will be de-classified if the Government approves.

The documents include records on revenue, payments and foreign currency assets, the bank's fulfilment of the export-import plan, commercial expenses, foreign auctions, bilateral agreements, banking deals and various contracts. Papers marked "top secret" include correspondence on the Romanian Socialist Republic's "National Social-Economic Development Plan" and records on the state's income and spending in foreign currency. The action will require the endorsement of the Ministry of Justice and the Romanian Intelligence Service. The documents were classified through a 1972 decision of the Council of Ministers. In 1999, BCR absorbed Bancorex, after the state took over its non-performing loans.

Romania's Government will eliminate more than 11,500 beds from the healthcare sector, between 2011 and 2013.

According to data presented by Health Minister the number of state-financed beds will be reduced from 134,760 to 129,524 in 2011, 125,639 in 2012 and 123,127 in 2013. In Romania's letter of intent to the International Monetary Fund the Government pledged to cut the number of hospital beds to 129,500 in two stages, by the end of each half of 2011.

Romanian companies will be able to pay their debts to the state in instalments over five years.

This service will be available to any company on the basis of certain guarantees, which are waived in the case of small debts. The ordinance has been reviewed by the Romanian Competition Council and by the European Commission, and is not considered a form of state aid.

Draft Labour Code. Using more than five people without work contracts will be punished by 1-2 years in prison or a criminal fine, will be denied state aid and EU funds and will be forbidden from taking part in public procurement auctions.

The draft says that employers hiring up to five people without individual work contracts will only be fined 10,000-20,000 lei per person. Hiring more than five people without contracts will constitute a crime and the employer will receive a prison sentence of one-two years, or forced to pay a criminal fine. The Code provides the same punishment for hiring a person living illegally in Romania, when the employer knows they are a victim of human trafficking.

If the work poses a risk to the person's life or health, the punishment is six months to three years in prison. The person found working without a contract will also be fined between RON 500 and RON 1000. A court may also forbid an employer found using illegal labour from receiving state aid, including European Union funds managed by Romanian authorities, for up to five years, or from taking part in a public procurement auction. The court may also instruct the employer to refund the state aid or EU funds acquired up to 12 months prior to the crime, as well order the temporary or permanent closing of the work area(s) where the crime was committed.

In addition, the employer will be required to pay the state the value of all the taxes and social security contributions that should have been paid, had the person been employed legally, including overdue penalties and administrative fines, expenses with the transfer of overdue payments to the country where the illegal employee has returned or been expelled, as well as any payment still owed to the illegal employee.

The Romanian Government approved a network of six emergency hospitals in public-private partnership.

The hospitals will be built in Cluj, Craiova, Iasi, Targu Mures, Timisoara and Bucharest. The ministry plans to build a network of six emergency hospitals. The hospital construction, financed with private funds, will cost about EUR1.5 billion. The state will ensure the land on which hospitals will be built. The construction work might start in 14 or 16 months.

The Transport Ministry will replace the four train types operated by passenger railway company CFR Calatori with European train categories.

Intercity (IC), rapid trains, accelerated trains (fast trains) and personal trains (commuter trains) are the four train services operated by CFR Calatori. Replacing the four train types with European train categories (Intercity, InterRegio and Regio) entails amending legislation, setting new ticket prices and creating a new ticket sales software system.

The new train categories to be operated in Romania starting December 11, when the order enters effect, are: Intercity (IC) – with versions Eurocity IC, Euronight IC, Intercity IC and Intercity Night -, InterRegio (IR) - Interregio IR and Interregio Night -, and Regio (R) - Regio Express, Regio and Regio Urban/Suburban. Eurocity IC trains stop only at major cities and meet several quality criteria. Intercity IC trains stop at major stations only and run at an average speed of 60 km/h. Intercity Night

trains travel at night at an average speed of 55 km/h. InterRegio trains stop at stations which ensure connection to other passenger trains. They run at an average speed of 45 km/h. Regio Express and Regio trains will replace personal trains. Commuter trains will be called Regio urban and Regio suburban and will ensure connection to InterRegio trains.

Romania's Government will ban plant-based psychoactive substances, under threat of fines of up to 100,000 lei and 2-8 years in prison.

A draft government emergency ordinance banning the production, sale, distribution, donation, possession, introduction and advertising of "substitutes," defined as any substance of natural or synthetic origin, or any product, plant, fungus which, regardless of packaging, handling, content, presentation, advertising or name, may be used to produce a psychoactive effect and/or has a negative impact on individual or collective health, or on social behaviour, and which is not regulated by other laws is under consideration.

The draft is based on laws adopted by Poland in November 2010. The Ministries of Health, Interior, Agriculture, Communications, National Sanitary-Veterinary Authority, National Consumer Protection Authority, National Customs Authority and Financial Guard will be in charge of maintaining this ban. The authorities will seize merchandise and suspend the company's activity, if there is evidence that the substances being sold are illegal. If lab tests prove the goods have no psychoactive effects or a negative impact on public health, the suspension is reversed and goods returned.

The products are currently introduced into Romania through fast delivery services, mostly from China, with a declared value below \$10, to avoid border controls. They are also brought in from Germany, the Netherlands, Italy and England.

The Government recently decided to force "legal high" shops to sell solely approved products, while cracking down on the sale of hallucinogenic plants and associated substances. The Government has found it cannot ban a chemical substance whose formula can be changed slightly by adding another legal chemical element. In February 2010, the Executive passed an emergency ordinance banning the distribution and sale of 36 hallucinogenic plants and substances. Still, hundreds of youths continued to use psychedelic substances, ending up in hospital in serious condition. Doctors and school authorities requested that shops selling such products be shut down.

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