

LAW No. 162/2017 of July 6, 2017

regarding the statutory audit of the annual financial statements and the consolidated  
annual financial statements and amending some normative acts

ISSUER: PARLIAMENT OF ROMANIA

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**The Romanian Parliament** adopts this law.

## TITLE I

### **Statutory audit of annual financial statements and financial statements annual consolidated**

## CHAPTER I

### **Object and definitions**

#### ART. 1

##### **Object**

(1) This title regulates the statutory audit of annual financial statements and consolidated annual financial statements, drawn up according to the accounting law and the applicable accounting regulations.

(2) The provisions of art. 35 para. (1), (4), (6), (7) and (10) do not apply to the statutory audit of the annual and consolidated financial statements of public interest entities, unless the application is provided for in Regulation (EU) no. 537/2014 of the European Parliament and of the Council of April 16, 2014 regarding specific requirements regarding the statutory audit of public interest entities and repealing Commission Decision 2005/909/EC, published in the Official Journal of the European Union series L, no. 158 of May 27, 2014, hereinafter referred to as Regulation (EU) no. 537/2014.

#### ART. 2

**Definitions** In the sense of this law, the terms and expressions below have the following meanings: 1.

statutory audit means an audit of the individual annual financial statements or of the consolidated annual financial statements carried out in accordance with international auditing standards, in the sense of art. 32, to the extent that: a) it is

mandatory under European Union law or domestic law; b) it is carried out voluntarily for small entities, and the financial statements are audited  
are published, together with the statutory audit report, according to the law;

2. group auditor means the financial auditor or audit firm which  
performs the statutory audit of the consolidated annual financial statements;

3. auditor from a third country means a natural person who is not registered as a financial auditor in Romania as a result of the authorization in accordance with art. 3 and 66 or in another member state of the European Union/European Economic Area and which audits the annual or consolidated financial statements of a company registered in a third country;

4. financial auditor is a natural person, authorized in accordance with the provisions of this law by the Authority for Public Supervision of the Statutory Audit Activity to perform financial audit;

5. the financial audit includes the statutory audit as defined in point 1, as well as the activity carried out in order to express an opinion on the financial statements or some of their components, but also the exercise of other assurance missions and professional services according to international auditing standards and other regulations in the field;

6. competent authority means the Authority for Public Supervision of the Statutory Audit Activity, hereinafter referred to as ASPAAS, as a regulatory authority in the field of statutory audit and supervision of financial auditors and audit firms. A reference to "competent authority" in any article means a reference to ASPAAS or any other competent authority in another Member State responsible for the functions, tasks or powers provided for in that article, as the case may be;

7. COESA means the Committee of European Auditing Oversight Bodies (Committee of European Auditing Oversight Bodies); 8.

management means the executive management of an entity, which usually represents a management body different from the board of directors or the supervisory

board; 9. cooperative means a European cooperative society, as defined in art. 1 of Regulation (EC) no. 1,435/2003 of the Council of July 22, 2003 regarding the status of the European cooperative society (SCE), published in the Official Journal of the European Union series L, no. 207 of August 18, 2003, or any other cooperatives for which a statutory audit is required under EU law, such as credit institutions, as defined by Directive 2006/48/EC of the European Parliament and of the Council of June 14, 2006 regarding the initiation and exercise of the activity of credit institutions (reformation), published in the Official Journal of the European Union series L, no. 177 of June 30, 2006, and insurance companies within the meaning of art. 2 of Council Directive 1991/674/EEC of December 19, 1991 regarding the annual financial statements and consolidated financial statements of insurance companies, published in the Official Journal of the European Union series L, no. 374 of December 31, 1991;

10. entity affiliated to an audit firm means any entity, regardless of its legal form, that is related to the audit firm, having common ownership, control or management;

11. audit entity from a third country means an entity, regardless of its legal form, which is not registered as an audit firm in Romania as a result of the authorization in accordance with art. 3 or in another member state of the European Union/European Economic Area and which audits the annual or consolidated financial statements of a company

registered in a third country; 12.

entities of public interest mean: a) companies whose securities are admitted to trading on

a regulated market; b) credit institutions;

c) insurance, insurance-reinsurance and reinsurance companies;  
d) non-banking financial institutions, defined according to legal regulations, registered in the General Register; payment institutions and institutions issuing electronic money, defined according to the law, which grant credits related to payment services and whose activity is limited to the provision of payment services, respectively the issuance of electronic money and the provision of payment services; privately managed pension funds, optional pension funds and their administrators; financial investment service companies, investment management companies, collective investment bodies, central depositories, clearing houses, central counterparties and market/system operators authorized/approved by the Financial Supervisory Authority; national societies/companies; companies with full or majority state capital; autonomous governments; 13.

small entities means the entities thus defined according to the accounting regulations through which the provisions of art. 1 paragraph (1) and of art. 3 paragraph (2) from Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013 regarding annual financial statements, consolidated financial statements and related reports of certain types of enterprises, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Directives 78/660/CEE and 83/349/CEE of the Council, published in the Official Journal of the European Union series L, no. 182 of June 29, 2013;

14. the audit firm is a legal person or any other entity, regardless of its legal form, which is authorized in accordance with the provisions of this law by ASPAAS to perform financial audits; 15. non-executive

member means a member of the administrative or supervisory board of an entity or of a committee constituted by such a board and who does not exercise an executive management function within the respective entity;

16. non-practitioner means any natural person who, during his involvement in the governance of the public supervision system and in the 3-year period immediately preceding that involvement, did not perform a statutory audit, did not hold voting rights in an audit firm, did not was a member of the administrative, management or supervisory bodies of an audit firm and was not employed by or otherwise associated with an audit firm; 17. key audit partner means: a) the

financial auditor appointed by an

audit firm for a specific audit mission as the main person responsible for carrying out the statutory audit on behalf of the audit firm; or

b) in the case of the audit of a group, the financial auditor who is designated by an audit firm as the main person responsible for performing the statutory audit at the group level and the financial auditor who is designated as the main person responsible at the level of subsidiaries or other significant

secondary structures; or c) the financial auditor who

signs the audit report; 18. the administrative penalty is a pecuniary sanction and consists in the obligation to pay a sum of money to a financial auditor or an audit firm that has committed a disciplinary offense regarding the violation of statutory audit legislation

19. the administrative-disciplinary penalty is a pecuniary sanction and consists in obliging members of the Council of the Chamber of Financial Auditors from Romania who have committed an administrative offense in the exercise of their duties to pay a sum of money;

20. audit report means the document drawn up by the financial auditor, what includes the elements provided for in art. 34;

21. network means a complex structure: a)

which aims at cooperation and which includes a financial auditor or an audit firm; and

b) which obviously has as its purpose the distribution of profits or costs or has in common the shareholding, control or management, quality control policies and procedures, a business strategy, the use of a brand or a significant part of the professional resources; 22. professional skepticism

means an interrogative attitude by which attention is paid to conditions that could indicate the possibility of an inaccuracy caused by error or fraud, but also a critical evaluation of the audit evidence; 23. international accounting standards means

International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related interpretations (SIC-IFRIC interpretations), subsequent amendments to these standards and related interpretations and future related standards and interpretations issued or adopted by the International Accounting Standards Board (IASB); 24. member state means a member state of the European Union/Space

European Economic;

25. Member State of origin means the Member State in which the financial auditor or audit firm is authorized in accordance with art. 3 paragraph (1); 26.

host member state means a member state in which a financial auditor authorized in his home member state seeks to be authorized and in accordance with art. 13 or a member state in which an audit firm authorized by its home member state requests to be registered or is registered in accordance with art. 4; 27. third country means a state that is not a

member of the Union

European/European Economic Area.

## CHAPTER II

### **Authorization, continuous training and mutual recognition**

#### ART. 3

##### **Authorization**

(1) The statutory audit is carried out by financial auditors or audit firms that are authorized/authorized in Romania under the terms of this law, who are registered as members of the Chamber of Financial Auditors in Romania, hereinafter referred to as CAFR, in the conditions of the law, and which are registered in the electronic public register provided for in art. 14 under the conditions established by this law and by ASPAAS regulations.

(2) The competent authority responsible for authorizing financial auditors and audit firms is ASPAAS.

(3) ASPAAS authorizes as financial auditors only natural persons who fulfill the conditions provided for in art. 5 and art. 7 - 11.

(4) Financial auditors can perform statutory audits in the name of an audit firm or in their own name, according to the law.

(5) ASPAAS authorizes as audit firms only entities that cumulatively meet the following conditions: a) natural persons who

perform the statutory audit on behalf of the audit firm must be authorized as financial auditors in Romania, according to this law;

b) the majority of voting rights in the audit firm must be held by audit firms that are authorized in any member state or by financial auditors authorized in Romania; c) the majority of the members of

the administrative or management body of the audit firm, but not more than 75%, must be represented by audit firms authorized in Romania or in any of the member states or by financial auditors authorized in Romania; d) if such an administrative or management body has no more than 2

members, one of them must be an audit firm authorized in any of the member states or a financial auditor authorized in Romania;

e) the audit firm must meet the conditions regarding good reputation as established by ASPAAS based on the provisions of art. 5.

(6) Financial auditors may request the withdrawal of authorization and may re-acquire it once, without examination, based on an interview, but no later than 5 years after the approval of the withdrawal request.

(7) By order of the ASPAAS president, regulations relating to authorization of financial auditors and audit firms.

#### ART. 4

##### **Recognition of audit firms from other member states (1) By**

derogation from the provisions of art. 3 paragraph (1), an audit firm authorized in a member state has the right to perform a statutory audit in Romania, provided that the **key audit partner performing the statutory audit on behalf of the audit firm is authorized as a financial auditor in Romania.**

(2) An audit firm authorized in another member state of origin that wishes to perform a statutory audit in Romania shall be registered in the electronic public register of financial auditors and audit firms, in accordance with the provisions of art. 14 and 16.

(3) ASPAAS registers the audit firm if it proves that it is registered with the competent authority in the home Member State. ASPAAS requests that the certificate certifying the registration of the audit firm in the member state of origin issued by the competent authority in that state is not older than 3 months. ASPAAS informs the competent authority in the home Member State about the audit firm's registration in Romania.

#### ART. 5

##### **Good reputation**

(1) ASPAAS authorizes only individuals or companies with a good reputation.

(2) Good reputation must include appropriate behavior, in compliance with the requirements of the Code of Ethics issued by the International Federation of Accountants (IFAC) and adopted by ASPAAS, hereinafter referred to as the Code of Ethics, as provided for in art. 20 para. (1). The criteria regarding good reputation are established by ASPAAS.

ART. 6

### **Withdrawal of**

**authorization** (1) ASPAAS withdraws the authorization of a financial auditor or an audit firm under the conditions provided by this law.

(2) The authorization of a financial auditor or an audit firm is withdrawn in the case in which the good reputation of this person or company has been seriously compromised.

(3) Within the meaning of para. (2), the good reputation of a financial auditor or an audit firm has been seriously compromised if the person is in one of the following situations:

a) the person in question was convicted for committing a crime with intent; b) a privative or restrictive

preventive measure of freedom was taken against the natural person in the framework of a criminal trial, if investigations are carried out under the aspect of committing a crime with intent;

c) the complementary penalty and/or accessory

penalty of banning the exercise of financial audit activity was applied to the natural person;

d) the security measure was applied to the natural person by which

he was prohibited

practicing the profession of financial auditor;

e) the person in question has been sanctioned disciplinary or administratively by other Romanian or foreign authorities, institutions or bodies in the financial and accounting field, for aspects of a professional nature. Disciplinary or administrative sanctions applied to the financial auditor by other Romanian or foreign authorities, institutions or bodies in the financial-accounting field include those sanctions applied as a result of the commission of some deviations/acts of a nature to affect the exercise of an activity from a professional point of view; f) restrictions have been applied to the respective person

in order to carry out activities in the financial-accounting field by Romanian or foreign authorities, institutions or bodies in the financial-accounting field.

(4) The authorization of an audit firm is withdrawn if any of the conditions imposed by art. 3 paragraph (5) lit. b) and c) is no longer fulfilled and a period of more than 3 months has passed since any of the respective conditions ceased to be fulfilled. (5) If the authorization of a financial auditor or an audit firm is withdrawn

for any reason, ASPAAS communicates this fact, as well as the reasons for the withdrawal to the relevant competent authorities of the host member states where the financial auditor or audit firm is, by also registered, in accordance with art. 4, art. 15 para. (1) lit. c) and art. 16 para. (1) lit. i).

ART. 7

### **Educational requirements**

(1) In order to authorize, in addition to the condition of good reputation provided for in art. 5, financial auditors must fulfill, cumulatively, the following requirements:

a) are graduates of a higher education institution or have an equivalent level; b) have attended a

theoretical training course organized or recognized by ASPAAS; c) have completed a practical training internship, in accordance with the provisions of art. 11; d) passed the

professional competence exam, organized or recognized by ASPAAS.

(2) ASPAAS cooperates, on the basis of reciprocity, in order to achieve the convergence of the requirements set forth in this article, with competent authorities from other member states. When engaging in such cooperation, developments in the field of statutory audit and the auditor profession are taken into account and, in particular, the convergence already achieved within this profession. ASPAAS cooperates with COESA and with the competent authorities mentioned in art. 20 of Regulation (EU) no. 537/2014, insofar as the convergence is related to the statutory audit of public interest entities.

#### ART. 8

##### **The professional competence exam (1)**

ASPAAS organizes the professional competence exam.

(2) The professional competence exam must ensure the verification of the necessary level of theoretical knowledge in the relevant fields for the statutory audit, as well as the ability to apply theoretical knowledge in practice. The exam is held in written form.

(3) By order of the president of ASPAAS, the way of organization is established and conduct of the professional competence exam.

#### ART. 9

##### **Theoretical knowledge test (1)**

The theoretical knowledge test included in the professional competence exam covers the following areas:

a) theory and principles of general accounting; b)

legal requirements and standards regarding the preparation of annual and consolidated financial statements;

c) international accounting standards; d) financial analysis; e) cost and

managerial accounting; f) risk management and internal control; g) audit and professional skills; h) legal and professional

requirements regarding the statutory audit and financial auditors; i) international auditing standards, as mentioned in art. 32; j) professional ethics and independence.

(2) The test also includes subjects from the following fields or regulations, insofar as they are relevant for the audit:

a) company law and regulations on corporate governance; b) insolvency law and other similar procedures;

c) fiscal legislation;  
d) Civil Code;  
e) legislation regarding social insurance and the Labor Code; f) information technology and computer systems; g) public finance, general and business economy; h) mathematics and statistics; i) the basic principles of financial management.  
ART. 10

### **Exceptions**

(1) By derogation from the provisions of art. 8 and 9, the holder of a bachelor's degree, a university degree at master's level or a professional qualification in one or more of the fields provided for in art. 9 is exempted from the theoretical knowledge test included in the professional competence exam, for the respective disciplines, in the event that the university curriculum covers one or more of the disciplines provided for in art. 9.

(2) ASPAAS establishes the criteria that form the basis of the conclusion of agreements or protocols regarding the application of **the exceptions provided for in para. (1)**, with national or international higher education institutions or with national or international professional bodies.

ART. 11

### **Practical training**

(1) In order to ensure the ability to apply in practice the theoretical knowledge whose testing is included in the professional competence exam, a trainee performs a practical training internship of at least 3 years which will include, among others, participation in the audit of annual financial statements or consolidated annual financial statements. The practical internship is carried out with a financial auditor authorized in Romania or in another member state or within an audit firm authorized in any member state.

(2) The quality of an employee of an intern in the financial audit activity within an audit firm does not exempt him from fulfilling his obligations as an intern.

(3) By order of the president of ASPAAS, regulations are approved regarding the conditions under which a financial auditor or an audit firm can provide guidance in the audit activity of annual financial statements or consolidated annual financial statements.

(4) Trainees in the financial audit activity can complete the practical training internship by participating in the audit activity of annual financial statements or consolidated annual financial statements, in addition to a financial auditor who exercises his activity as a freelancer or within a company of audit. The financial auditor who exercises his activity as a freelancer or audit firm, as the case may be, will issue an official document attesting to the completion of the internship.

(5) ASPAAS elaborates the rules for conducting the training course practice of trainees.

(6) Individuals who meet, cumulatively, the following conditions are trainees in the financial audit activity:



a) are graduates of a higher education institution. The diploma obtained upon graduation from the higher education institution must be recognized/equivalent by the Ministry of National Education;

b) passed the knowledge verification test for access to the internship; c) have a good reputation according to art. 5.

(7) The fields from which the knowledge verification test for access is held the internship is established by ASPAAS.

ART. 12

### **Continuous training**

(1) Financial auditors must participate in appropriate continuous training programs in order to maintain their theoretical knowledge, skills and professional values at a sufficiently high level.

(2) ASPAAS organizes continuous training programs for financial auditors.

(3) Non-compliance with the requirements regarding continuous training constitutes a violation administrative and sanctioned according to the provisions of art. 40 para. (4).

(4) By order of the President of ASPAAS, implementing regulations are approved this article.

ART. 13

### **Authorization of financial auditors from another member**

**state** (1) ASPAAS authorizes financial auditors who have been authorized in another member state, according to the authorization procedure approved by order of the president of ASPAAS.

(2) The procedure provided for in para. (1) does not exceed the requirement to pass an aptitude test, in accordance with the provisions of art. 26 para. (1) from Law no. 200/2004 regarding the recognition of diplomas and professional qualifications for regulated professions in Romania, with subsequent amendments and additions.

(3) The aptitude test is held in Romanian and is limited **to verifying the possession of an appropriate level of knowledge of Romanian legislation, to the extent that they are relevant for the statutory audit.**

(4) ASPAAS cooperates with the other supervisory bodies from the member states, within the framework of COESA, in order to obtain the convergence of the requirements regarding the adaptation internship and the skills test. ASPAAS, through its activities, ensures that requirements are predictable and transparent.

## **CHAPTER III**

### **Register**

ART. 14

**Electronic public register of financial auditors and audit firms** (1) ASPAAS is responsible for drawing up, updating and publishing the electronic public register of financial auditors and audit firms, hereinafter referred to as the electronic public register.

(2) ASPAAS registers in the Electronic Public Register, in accordance with the provisions of art. 15 and 16, financial auditors and audit firms members of CAFR.

(3) Financial auditors are registered in two categories, active and non-active, in the basis of the self-responsibility declaration.

(4) In case natural persons carry out their activity as self-employed, ASPAAS establishes, through its own regulations approved by order of the president, the conditions for their registration, in compliance with the provisions of para. (2). (5) In thoroughly justified cases, at the request of

interested persons, certain information from the electronic public register is not made public.

Thoroughly justified cases mean those situations in which the non-publication of information in the electronic public register reduces an imminent and significant threat to a person's security.

(6) Each financial auditor and audit firm is identified in the Public Register electronically through an individual number.

(7) The registered information regarding financial auditors and audit firms is kept in the electronic public register, which is accessible to the public on the website of ASPAAS, in accordance with art. 15 and 16.

(8) The electronic public register also contains the address and contact details of ASPAAS.

(9) The information requested in art. 15 and 16 are published in full, in electronic format. The electronic public register will be updated monthly.

(10) Inactive financial auditors are persons who are incompatible with exercising financial audit activity, according to the law.

(11) In thoroughly justified cases, a financial auditor can request the suspension of the exercise of the activity and is exempted from the payment of contributions for a maximum period of 3 consecutive years, under the conditions established by ASPAAS. Thoroughly justified cases are established by order of the president of ASPAAS. The suspension is mentioned in the electronic public register.

ART. 15

#### **Registration of financial auditors (1) At**

least the following information shall be mentioned in the electronic public register regarding financial auditors:

- a) name, address and individual registration number; b) the name, address, website address, if applicable, and the registration number of the audit firms to which the financial auditor is employed or associated as a partner or in any other way, if applicable;
- c) information regarding all other registrations as a financial auditor with the competent authorities of other member states and/or other third countries, including the names of the registration authorities and, if applicable, their registration numbers.

(2) Auditors from third countries, registered in accordance with art. 67, are clearly indicated in the Electronic Public Register as auditors from third countries, in a separate section, and not as financial auditors.

ART. 16

#### **Registration of audit firms**

(1) For each audit firm, the Electronic Public Register contains at least the following information: a) name, address and individual registration number; b) legal form; c) contact information, main contact person and, where applicable, website address; d) the address of each office opened in Romania; e) name and registration number of all employed financial auditors, associated as partners or otherwise with the audit firm; f) names and professional addresses of all shareholders or associates; g) the names and professional addresses of all members of the administrative body or driving; h) if applicable, membership in a network and a list with the names and addresses of member and affiliated companies or an indication of the place where this information is publicly available; i) information regarding all other registrations as an audit firm with the competent authorities of other member states and as an audit entity in third countries, including the name and address of the registration authority and, where appropriate, the registration numbers; j) if the audit firm is registered pursuant to art. 4 para. (3), as appropriate. (2) Audit entities from third countries, registered in accordance with art. 67, are clearly indicated in the electronic public register as such, in a separate section, and not as audit firms. (3) In applying the provisions of art. 14 - 16 regulations are approved by order of the president of ASPAAS.

#### ART. 17

##### **Update of registered information (1)** In

case of changes to the information contained in the electronic public register, financial auditors and audit firms are obliged to notify ASPAAS within 30 days of their occurrence.

(2) The electronic public register is updated, without any unjustified delay, after receiving these notifications.

(3) Failure to communicate the changes within the term provided for in para. (1) may trigger the initiation of the administrative procedure, according to the provisions of this law. Cases of force majeure are an exception to this provision.

#### ART. 18

##### **Responsibility for the registration of information (1)** The

information provided in connection with the registration of financial auditors and audit firms, as well as the updating of information in accordance with art. 15 - 17 are signed by the financial auditor or the legal representative of the audit firm.

(2) If the information is provided in electronic format, this is done by using the electronic signature, according to Law no. 455/2001 on the electronic signature, republished.

#### ART. 19

##### **Official presentation language**

(1) The information is entered in the electronic public register in Romanian.

(2) The publication in English of the information contained in the electronic public register is established by order of the president of ASPAAS.

#### CHAPTER IV

#### **Professional ethics, independence, objectivity, confidentiality and professional secrecy**

##### ART. 20

##### **Professional ethics and professional skepticism**

(1) All financial auditors and all audit firms respect the principles of professional ethics, which refer at least to their function in the public interest, their integrity and objectivity, their professional competence and due care, thus as established by the Code of Ethics adopted by ASPAAS.

(2) The ethical code is translated into Romanian and published by ASPAAS. (3) In applying the provisions of para. (1), ASPAAS issues inspection rules regarding quality assurance.

(4) The financial auditor or audit firm must maintain professional skepticism throughout the audit, admitting the possibility of material errors as a result of facts or conduct that indicate irregularities, including fraud or errors, regardless of the previous experience of the auditor or the firm audit regarding the correctness and integrity of the management staff and the persons responsible for the administration of the audited entity.

(5) The financial auditor or audit firm maintains professional skepticism especially when evaluating the estimates of the management staff of the audited entity regarding the determination of fair value, depreciation of assets, provisions and future cash flows relevant to the entity's ability to continue activity.

##### ART. 21

##### **Independence and objectivity (1)**

When performing a statutory audit, the financial auditor and/or audit firm, as well as any natural person in a position to directly or indirectly influence the outcome of the statutory audit must be independent by the audited entity and not to be involved in the decision-making process of the audited entity, within the meaning of the Code of Ethics.

(2) Independence is necessary both during the period covered by the financial statements which are the subject of the audit, as well as during the period in which the statutory audit is carried out.

(3) The financial auditor or audit firm shall take all reasonable measures to ensure that, when performing the statutory audit, his independence is not influenced by an existing or potential conflict of interest or by business or other direct relationships or indirect involving the financial auditor or audit firm that performs the audit and, as the case may be, the network of which it is a part, the executive management staff, auditors, employees and any natural person whose services are at the disposal or under the control of the financial auditor or the audit firm or any person directly or indirectly related to the financial auditor or the audit firm through a control relationship.

(4) The financial auditor or the audit firm must not carry out a statutory audit if there is any danger of self-evaluation, self-interest, representation, familiarity or intimidation as a result of financial, personal, business, work relationships or otherwise between:

a) the financial auditor, the audit firm, its network and any natural person located in the position to influence the result of the statutory audit; and

b) the audited entity, from which an objective, reasonable and informed third party, taking into account the protection measures applied, would conclude that the independence of the financial auditor or the audit firm is compromised.

(5) The statutory auditor, the audit firm, their key audit partners, their employees and any natural persons whose services are at the disposal or under the control of the statutory auditor or the respective audit firm and who are directly involved in activities of statutory audit, as well as the persons who have close ties with them in the sense of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Directives 2003/124/EC, 2003 /125/CE and 2004/72/CE of the Commission, published in the Official Journal of the European Union series L, no. 173 of June 12, 2014, must not hold any kind of financial instruments issued, guaranteed or supported in any other way by an audited entity in the scope of their statutory audit activities, other than the participations held indirectly through collective investment bodies diversified, including managed funds such as pension funds or life insurance, do not have a material and direct benefit from them and do not carry out any transactions with them.

## ART. 22

**Documentation regarding threats to independence** (1) The financial auditor or audit firm documents in the audit files all significant threats to its independence, as well as the protective measures applied to reduce those threats.

(2) Within the meaning of para. (1), significant threats, without being limiting, may refer to aspects such as: a) financial interests; b) loans and guarantees; c) business relations; d) family and personal relationships; e) employment with an audit client; f) temporary staff allocation; g) recent services provided to audit clients; h) holding a management or director position within the audit client; i) provision of non-insurance services to an audit client; j) reward and evaluation policies; k) gifts and hospitality; l) ongoing or imminent litigation.

## ART. 23

**Measures regarding preserving independence and objectivity**

(1) The persons or companies mentioned in art. 21 para. (5) must not participate in the statutory audit of an audited entity, nor must they otherwise influence the results of such an audit, in the event that:

a) hold financial instruments of the audited entity, other than shares held indirectly through diversified collective investment bodies;

b) hold financial instruments of any entity related to the audited entity, other than shares held indirectly through diversified collective investment bodies, a fact that may constitute a conflict of interests or may be perceived as such; c) held a

position within the audited entity or had business or other relations with the audited entity during the period referred to in art. 21 para. (2), a fact that may constitute a conflict of interest or may be perceived as such.

(2) The persons or companies mentioned in art. 21 para. (5) does not request or accept pecuniary or non-pecuniary gifts or favors from the audited entity or from any entity related to the audited entity, unless an objective, reasonable and informed third party would consider their value unimportant or insignificant.

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

(4) As soon as possible, but no later than 3 months from the date of becoming aware of the merger or acquisition, the financial auditor or the audit firm adopts all necessary measures to put an end to all current interests or relationships that would compromise their independence and, if possible, adopts the necessary safeguards to minimize all threats to its independence related to past and current interests and relationships with the audited entity or another entity related to it.

## ART. 24

### **The employment by the audited entities of former financial auditors or a employees of financial auditors or audit firms**

(1) Before the expiration of a period of at least one year or, in the case of the statutory audit of public interest entities, of a period of at least 2 years from the termination of his activity as a financial auditor or a key partner of audit within the scope of the audit engagement, the financial auditor or key audit partner performing a statutory audit on behalf of an audit firm:

a) does not assume a key position in the management of the audited entity; b) does not become, as the case may be, a member of the audit committee of the audited entity or of to a body with powers equivalent to those of an audit committee;

c) does not become a non-executive member of the administrative body or of the supervisory body of the audited entity.

(2) Employees and partners, other than key audit partners, of a financial auditor or of an audit firm that performs a statutory audit, as well as any other natural persons whose services are at the disposal or under the control of the financial auditor or of the respective audit firm, if such employees, partners or other natural persons are authorized as financial auditors, they cannot occupy any of the positions mentioned in paragraph (1) before the expiration of a period of at least one year since they were directly involved in the statutory audit mission.

#### ART. 25

##### **Preparation of the statutory audit and assessment of aspects that threaten independence**

Before accepting or continuing a statutory audit mission, the auditor financial institution or the audit firm evaluates and documents the following:

- a) fulfillment of the provisions provided for in art. 21;
- b) the existence of threats to its independence and the protection measures applied to mitigate those threats; c) if he has at his disposal the
- qualified personnel and the necessary time, as well as the others
- resources necessary to carry out the statutory audit in an appropriate manner;
- d) authorization as a financial auditor of the key audit partner in Romania, in the case of audit firms.

#### ART. 26

##### **Confidentiality and professional secrecy (1)**

All information and documents to which the financial auditor or the audit firm has access when performing a statutory audit must be protected according to the policies and procedures issued by the financial auditor or the audit firm in accordance with the specific national regulations and with the provisions of the Code of Ethics regarding confidentiality and professional secrecy.

(2) The rules regarding confidentiality and professional secrecy applicable to financial auditors or audit firms do not prevent the application of the provisions of this law or of Regulation (EU) no. 537/2014. (3) If the financial auditor or the audit firm is replaced by another financial auditor or another audit firm, the former financial auditor or the former audit firm ensures the access of the new financial auditor or the new audit firm to all relevant information regarding the audited entity and its most recent audit.

(4) A financial auditor or an audit firm that has ceased to be engaged in a certain audit mission, as well as the former financial auditor or the former audit firm are still subject to the provisions of paragraph (1) and (2) regarding that audit mission.

(5) If the financial auditor or audit firm performs a statutory audit of an entity that is part of a group whose parent entity is located in a third country, the confidentiality and professional secrecy rules provided for in para. (1) does not prevent the financial auditor or the audit firm from transmitting the relevant documentation regarding the audit services to the group auditor located in a third country

provided, if necessary for the audit of the consolidated financial statements of the parent entity.

(6) The financial auditor or audit firm that performs the statutory audit of an entity that has issued securities in a third country or that is part of a group that presents consolidated statutory financial statements in a third country may transfer the documents of work or other documents regarding the audit of that entity that only the competent authorities from relevant third countries have, under the conditions provided for in art. 70.

(7) The transfer of information to the auditor of the group from a third country takes place in accordance with the provisions of Law no. 677/2001 for the protection of individuals regarding the processing of personal data and the free movement of such data, with subsequent amendments and additions.

ART. 27

#### **Independence and objectivity of the financial auditors who perform the audit statutory on behalf of audit firms**

ASPAAS ensures that at the level of the audit firm there must be policies and procedures that prohibit the shareholders or associates of the audit firm, as well as the members of the administrative, executive management or supervisory bodies of such a firm or of an affiliated firm from intervening in the performance a statutory audit in any way that jeopardizes the independence and objectivity of the financial auditor who performs the statutory audit on behalf of the audit firm.

ART. 28

#### **Internal organizational requirements**

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

a) an audit firm must

establish appropriate policies and procedures that ensure that associates or shareholders, as well as the members of the administrative, management and supervisory bodies of the company or of an affiliated entity do not intervene in the performance of the statutory audit in any way that would endanger the independence and objectivity of the financial auditor and of any member of the audit team that performs the statutory audit on behalf of the company audit;

b) a financial auditor or audit firm must implement appropriate administrative and accounting procedures, internal quality assurance control mechanisms, effective risk assessment procedures, safeguards for information processing systems, as well as a effective control. Internal quality assurance control mechanisms are developed in such a way as to ensure compliance with decisions and procedures both by the financial auditor and within the audit firm; c) a financial auditor or an audit firm must establish appropriate policies and procedures to ensure that its employees and

any other natural persons whose services are at its disposal or under its control and who are directly involved in audit activities by statute, they have the appropriate knowledge and experience to perform the assigned tasks;

d) a financial auditor or audit firm must establish appropriate policies and procedures to ensure that the outsourcing of significant audit activities does not



affects the quality of the internal quality control applied by the financial auditor or the audit firm, nor the ability of ASPAAS to supervise the way in which the financial auditor or the audit firm complies with the obligations provided for by this law and, as the case may be, by Regulation (EU) no. 537/2014;

e) a financial auditor or an audit firm must establish adequate and effective administrative and organizational mechanisms to prevent, identify, eliminate or manage, as well as to communicate any aspects that threaten its independence, according to the provisions of art. 21, 24 and 25;

f) a financial auditor or an audit firm must establish appropriate policies and procedures regarding the performance of the statutory audit, the guidance, supervision and review of the employees' activity, as well as the organization of the structure of the audit file according to the provisions of

art. 29 para. (9) - (12); g) a financial auditor or an audit firm must establish an internal quality control system in order to ensure the quality of the statutory audit. The quality control system must cover at least the policies and procedures mentioned in letter f). In the case of an audit firm, the responsibility of the internal quality control system rests with a financial auditor within it authorized in Romania;

h) a financial auditor or an audit firm must use adequate systems, procedures and resources to ensure the continuity and consistency of its statutory audit activity; i) a financial auditor or an audit firm

must establish adequate and effective organizational and administrative mechanisms to manage and keep records of incidents that have or may have serious consequences on its statutory audit activity;

j) a financial auditor or an audit firm must adopt appropriate remuneration policies, including profit-sharing policies, to provide appropriate incentives for ensuring the quality of the audit. The income obtained by the financial auditor or the audit firm from the provision of non-audit services to the audited entity is not taken into account in the evaluation of the performance nor in the remuneration of the persons involved in the audit or capable of influencing its conduct;

k) a financial auditor or an audit firm must monitor and evaluate the adequacy and effectiveness of its systems, policies and internal quality control procedures established in accordance with this law and, as the case may be, with Regulation (EU) no. 537/2014 and take the necessary measures to remedy any deficiencies. The financial auditor or audit firm must annually evaluate the internal quality control system referred to in letter g). The financial auditor or the audit firm must keep records of the results of the respective evaluation and of the possible measures proposed to modify the internal quality control system. The policies and procedures mentioned in this letter must be documented and communicated to the employees of the financial auditor or the audit firm.

The eventual outsourcing of the audit activity, as mentioned in letter d), does not affect the responsibility of the financial auditor or the audit firm towards the audited entity.

(2) The financial auditor or audit firm must take into account the extent and the complexity of its activities in the situation where it applies the provisions of paragraph (1).

(3) The financial auditor or audit firm must be able to demonstrate to ASPAAS that the policies and procedures intended for compliance are adequate, considering the scope and complexity of the activities of the financial auditor or audit firm.

## ART. 29

### **Organization of the audit activity**

(1) In case of carrying out the statutory audit by an audit firm, it designates at least one key audit partner. The audit firm provides the key audit partner or partners with sufficient resources and personnel who have the necessary competence and capabilities to perform their duties adequately.

(2) The main criteria that determine the selection of the key audit partner or partners by the audit firm must be independence, competence and the ability to ensure the quality of the audit.

(3) The audit partner or key partners must be actively involved in the performance statutory audit.

(4) The financial auditor must allocate sufficient time for the mission and assign sufficient resources to adequately fulfill his tasks.

(5) The financial auditor or audit firm keeps records of any violations of the provisions of this law and, as the case may be, of Regulation (EU) no. 537/2014.

(6) Both the financial auditor and the audit firm keep records of all violations and their consequences, including the measures adopted to remedy these violations and to modify their internal quality control system. They draw up an annual report that includes a summary of the possible measures applied and communicate it internally.

(7) In the event that a financial auditor or an audit firm calls for advice during the performance of an audit mission from external experts, he or she shall keep the documents by which he or she submits the request, as well as the results of the advice.

(8) A financial auditor or an audit firm must keep a record of clients. For each audited client, this record must contain the following information: a) name, address and registered office; b) in the case of audit firms, the name of the key audit partner or partners; c) the fees charged for the statutory audit and the fees charged for other services, for each financial year.

(9) A financial auditor or an audit firm must prepare a file of audit for each statutory audit.

(10) The financial auditor or audit firm must document at least the information recorded in accordance with art. 25 of this law and, as the case may be, with art. 6 - 8 of Regulation (EU) no. 537/2014.

(11) The financial auditor or audit firm must keep any other information and documents that are important because they form the basis of the report provided for in art. 34 of this law and, as the case may be, to art. 10 and 11 of Regulation (EU) no.

537/2014, as well as for monitoring compliance with this law and other applicable legal requirements.

(12) The audit file is closed within no more than 60 days from the date of signing the audit report referred to in art. 34 of this law and, as the case may be, to art. 10 of Regulation (EU) no. 537/2014.

(13) The financial auditor or audit firm must keep records any written complaints regarding the performance of the statutory audit.

(14) Financial auditors and audit firms that carry out statutory audit activities must provide annually or whenever necessary to ASPAAS a report on the statutory audit activity, which contains at least similar information to that provided for in art. 13 and 14 of Regulation (EU) no. 537/2014, according to the specific regulations of ASPAAS.

(15) ASPAAS has the right to request from the financial auditors and audit firms any information regarding the way of fulfilling their legal obligations and duties in carrying out the statutory audit activity, according to the law.

(16) Failure to comply with the obligation provided for in para. (14) and (15) by financial auditors and audit firms constitutes an administrative offense and is sanctioned according to the provisions of art. 40 para. (4) lit. a) - d).

(17) Repetition of the administrative offense provided for in para. (14) and (15) constitute serious administrative offense and is sanctioned according to art. 40 para. (4) lit. d).

ART. 30

#### **Audit fees** By order

of the president of ASPAAS, regulations are approved that provide that fees for the statutory audit:

a) are not influenced or determined by the provision of additional services to the audited entity; b) they

cannot be based on any kind of conditions, as stipulated by the Code of Ethics.

ART. 31

#### **Scope of application of the statutory**

**audit** Without prejudice to the reporting provisions, as provided for in art. 34 of this law and, as the case may be, to art. 10 and 11 of Regulation (EU) no. 537/2014, the scope of the statutory audit does not include guaranteeing the future viability of the audited entity or the efficiency or effectiveness with which the executive or administrative management body led or will lead the entity's activities.

### **CHAPTER V**

#### **International auditing standards and the audit report**

ART. 32

#### **International audit standards (1)**

Financial auditors and audit firms must perform the statutory audit in accordance with the international audit standards adopted by the European Commission according to the provisions of art. 26 para. (3) from Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on the legal audit of annual accounts and consolidated accounts, amending Directives 78/660/CEE and 83/349/CEE

of the Council and repealing Council Directive 84/253/EEC, with subsequent amendments and additions.

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

(3) ASPAAS may decide to apply an audit standard, procedures or requirements as long as the European Commission does not adopt an international audit standard that refers to the same matter.

(4) In the sense of para. (1), international auditing standards means International Standards on Auditing (ISA), International Standard on Quality Control 1 (ISQC 1) and other standards issued by the International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB), to the extent that they are relevant for the statutory audit.

ART. 33

### **Statutory audit of the consolidated annual financial statements**

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

a) the auditor of the group bears full responsibility for both the audit report referred to in art. 34 of this law and, as the case may be, to art. 10 of Regulation (EU) no. 537/2014, as well as for the additional report addressed to the audit committee, as mentioned in art. 11 of Regulation (EU) no. 537/2014, if applicable; b) the group auditor evaluates the audit activity performed by any auditor from a third country or the financial auditor, as well as by the audit entity from a third country or the audit firm, for the purpose of conducting the group audit, and documents the nature, timing and the extent of the work carried out by these auditors, including, if applicable, the group auditor's review of the relevant parts of the audit documentation of those auditors;

c) the group auditor reviews the audit activity carried out by the auditor/auditors or the financial auditor from a third country, as well as by the audit entity from the third country or the audit firm from a third country, for the purpose of carrying out the group audit, and a document.

(2) The documentation is kept by the auditor of the group in such a way as to allow ASPAAS to review the audit activity of the group auditor.

(3) The group auditor may rely on the results of the activity of the auditor from the third country, the financial auditor, the audit entity from a third country or the audit firm in question, on the condition of obtaining his agreement for the transfer of the relevant documentation during the audit consolidated annual financial statements.

(4) In the event that he cannot fulfill the condition provided for in para. (1) lit. c), the group auditor takes the appropriate measures and notifies ASPAAS. These measures include, as the case may be, the performance of additional statutory audit activities at the subsidiary or secondary structure in question, either directly or by outsourcing them.

(5) In the event that he is subject to a quality assurance inspection or an investigation regarding the statutory audit of the consolidated annual financial statements of a group of entities, the group auditor makes available to ASPAAS, upon request, the relevant documentation he holds regarding to the audit activity carried out

by auditors, audit entities, financial auditors or audit firms in a third country for the purpose of conducting the group audit, including all working papers relevant to the group audit.

(6) ASPAAS may request additional documents regarding the audit activity carried out by the financial auditor or audit firm for the purpose of carrying out the group audit from the relevant competent authorities, pursuant to art. 58.

(7) In the event that a parent entity or an affiliated entity that is part of a group is audited by one or more auditors or by one or more audit entities from a third country, ASPAAS may request additional documents regarding the audit activity of third-country auditors or third-country audit entities from the relevant competent authorities in third countries based on the cooperation agreements referred to in art. 70.

(8) By way of exception to the provisions of para. (7), if a parent entity or an affiliated entity that is part of a group is audited by one or more auditors or by one or more audit entities from a third country with which ASPAAS has not concluded a cooperation agreement, as mentioned in art. 70, the group auditor is responsible for the appropriate transmission, upon request, of the additional documentation related to the audit activity carried out by auditors or audit entities from the third country, including the relevant worksheets for the group audit. To ensure proper transmission, the group auditor keeps a copy of the relevant documentation or agrees with third-country auditors or third-country audit entities to be allowed unrestricted access to this documentation, upon request, or applies other appropriate measures. If, for legal or other reasons, the audit work sheets cannot be transferred from a third country to the group auditor, the group auditor shall include in the retained documentation evidence that he has followed the appropriate procedures to obtain access to the audit documents. If the restrictions were not imposed by the legislation of the third country in question, the group auditor includes evidence showing the existence and nature of the respective impediment.

#### ART. 34

##### **Statutory audit report (1)**

The financial auditor or audit firm must present the results of the statutory audit in an audit report. The report is drawn up in accordance with the requirements of the audit standards adopted by the European Union or ASPAAS, as the case may be, according to art. 32.

- (2) The audit report is drawn up in writing and must include:
- a) the identification of the entity whose annual or consolidated financial statements are the subject of the statutory audit by name, registered office and unique identification code; the identification of the annual or consolidated financial statements and the date or period for which they were prepared and the identification of the financial reporting framework applied to their preparation;
  - b) description of the application area of the statutory audit that identifies at least the audit standards in accordance with which the statutory audit was performed;
  - c) the auditor's opinion, which is either unqualified, with reservations, or contrary and clearly expresses the auditor's or the audit firm's point of view regarding the following: whether the annual financial statements provide a true and fair view, in accordance

with the relevant financial reporting framework; and, as the case may be, whether the annual financial statements comply with the applicable legal requirements. If the auditor or audit firm is unable to issue an audit opinion, the report mentions the impossibility of issuing this opinion; d) any other

aspect to which the financial auditor or the audit firm specifically draws attention, without the audit opinion being modified; e) the auditor's opinion regarding:

the consistency of the administrators' report with the financial statements for the same financial year; and the preparation of the administrators' report in accordance with the applicable legal provisions;

f) a statement regarding the identification of significant erroneous information presented in the administrators' report, indicating the nature of this erroneous information;

g) a statement regarding any significant uncertainty associated with events or conditions that may significantly cast doubt on the entity's ability to continue its activity;

h) a mention regarding the seat of the financial auditor or the audit firm. (3) If the statutory audit was carried out by several financial auditors or several audit firms, they agree on the results of the statutory audit and submit a joint report and opinion. In case of disagreement, each financial auditor or audit firm submits its opinion in a separate paragraph of the audit report and indicates the reason for the disagreement.

(4) The audit report is signed and dated by the financial auditor. If the statutory audit is carried out by an audit firm, the audit report is signed at least by the financial auditor who performed the statutory audit on behalf of the audit firm. In the event that several financial auditors or several audit firms jointly performed the audit of an entity, the audit report is signed by all financial auditors or at least by the financial auditors who perform the statutory audit on behalf of each audit firm.

(5) The financial auditor who signs the statutory audit report in his own name or on behalf of an audit firm must have the status of an active financial auditor.

(6) In exceptional circumstances, through regulations issued by ASPAAS, approved by order of the president, the conditions are established in which the signature will not be disclosed to the public, if this disclosure could lead to an imminent and significant threat to personal security of any individual. In any case, the name of the person involved is brought to the attention of the competent supervisory or judicial authority.

(7) The report of the financial auditor or the audit firm regarding the consolidated annual financial statements must comply with the requirements set forth in paragraph (1) - (6). In the situation where it reports on the consistency of the administrators' report with the financial statements, according to the provisions of para. (2) lit. e), the financial auditor or audit firm must take into account the consolidated annual financial statements and the consolidated report of the administrators. Only one audit report can be presented if the annual financial statements of the parent entity are annexed to the consolidated annual financial statements.

## **Quality assurance**

### **ART. 35**

#### **Quality assurance systems (1)**

All financial auditors and audit firms are subject to a quality assurance system that complies at least with the criteria set out in paragraph (4).

(2) ASPAAS performs quality assurance inspections of financial auditors and audit firms in connection with the statutory audit activity, in application of the provisions of this law.

(3) In order to evaluate the quality control system at the level of the financial auditor or the audit firm, as well as to comply with the requirements of professional ethics, quality assurance inspections can also be carried out on other financial audit missions carried out by the financial auditor or the audit firm audit at the statutory audit client during the audited period, other than the statutory audit.

(4) The criteria that must be met by the quality assurance system are the following: a)

the quality assurance system must be organized in such a way that it is independent of the financial auditors and audit firms inspected and is subject to public supervision; b)

the financing of the quality assurance system must be secure and without any inappropriate influences from financial auditors or audit firms; c) the quality

assurance system must have appropriate resources; d) the persons who carry out quality assurance inspections have at least 7 years of experience as an active auditor in the field of statutory audit, of which at least 3 years at public interest entities;

e) the selection of those who perform inspections for quality assurance is based on objective procedures, designed in such a way as to avoid any conflict of interest between those who perform inspections for quality assurance and the financial auditor or audit firm that is the subject of the

inspection of quality assurance quality; f) the scope of quality assurance inspections must be supported by appropriate testing of selected audit files and include an assessment of compliance with applicable audit standards, independence requirements, as well as an assessment of the quantity and quality of resources spent, of the audit fees charged and of the internal quality control system within the

g) quality assurance inspections are completed by a written report, which must contain the main conclusions of the quality assurance inspections; h) quality assurance inspections must take place on the basis of a risk analysis and take place at least once every 6 years in the case of financial auditors and audit firms that perform statutory audits, as defined in art. 2 point 1; i) a summary of the

results is published annually on the website of ASPAAS inspections. Audit fees charged are not subject to publication;

j) the financial auditor or audit firm follows up on the recommendations made at the end of quality assurance inspections within the term established by the ASPAAS inspectors, but which cannot exceed 12 months;

k) inspections for quality assurance must be adequate and proportional to the scope and complexity of the activity of the financial auditor or the audit firm that is the subject of the verification.

(5) If the recommendations mentioned in para. (4) lit. j) or to art. 26 para. (8) paragraph 2 of Regulation (EU) no. 537/2014, the statutory auditor or audit firm, as the case may be, is subject to the measures mentioned in art. 39 para. (1) of this law or the administrative sanctions mentioned in art. 40 para. (4) of this law. (6) In the sense of para. (4) lit. e), in order to select the inspectors, at

least  
the following criteria:

a) inspectors have at least 7 years of experience as an active auditor in the field of statutory audit, of which at least 3 years at public interest entities; b) a person

who was a partner, employee or associated in any other way with the financial auditor or the audit firm in question cannot hold the capacity of inspector in a quality assurance inspection aimed at a financial auditor or an audit firm, except after a period of at least 3 years; c) the inspectors must declare that there are no conflicts of interest

between them and  
the financial auditor or audit firm to be inspected.

(7) In the sense of para. (4) lit. k), the inspectors, when they carry out inspections to ensure the quality of the statutory audit of the annual financial statements and of the consolidated annual financial statements of small entities, take into account the fact that the audit standards adopted in accordance with art. 32 is applied depending on the complexity of the activity of the audited entity. (8) In view of the quality

assurance inspection or a possible investigation, the audit file can be requested at the headquarters of the financial auditor, of the audit firm or at the headquarters of ASPAAS.

(9) ASPAAS issues standards and inspection procedures regarding quality assurance the statutory audit activity in order to apply the provisions of this law.

(10) In applying the provisions of para. (6), ASPAAS establishes, through its regulations of organization and operation, the specific conditions for hiring inspectors.

(11) The ASPAAS Organization and Functioning Regulation establishes the criteria for selecting financial auditors and audit firms that perform statutory audits, which will be inspected for quality assurance.

## CHAPTER VII

### **Investigations and sanctions**

#### ART. 36

### **Systems of investigations and sanctions**

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



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

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

ART. 37

**Sanctioning of financial auditors and audit firms (1) Sanctions**

applied to financial auditors and audit firms, if the statutory audit is not carried out in accordance with the provisions of this law, of other regulations in the field of statutory audit and, as the case may be, of Regulation (EU) no. 537/2014, must be effective, proportionate and dissuasive.

(2) The sanctions applied must not affect the civil liability regime. (3) In applying the provisions of this

law, ASPAAS issues investigative rules and procedures approved by order of the president of ASPAAS. ASPAAS notifies the European Commission of the rules mentioned in para. (3). ASPAAS shall notify the European Commission without delay of any subsequent changes to these rules.

ART. 38

**Civil liability** The civil

liability of financial auditors or audit firms can be engaged, under the terms of the civil law, for causing damages through the violation of professional obligations.

ART. 39

**Preventive measures**

(1) If it is found that the provisions of this law, of the regulations in the field of statutory audit approved under the conditions of the law or, as the case may be, of Regulation (EU) no. 537/2014, ASPAAS may issue, prior to the initiation of the administrative procedure, a written recommendation to the financial auditors or audit firms, requesting them to put an end to the respective behavior and to refrain from any repetition of it.

(2) ASPAAS can issue a statement according to which the statutory audit report does not comply with the requirements of art. 34 para. (2) of this law or, as the case may be, of art. 10 of Regulation (EU) no. 537/2014, which is published on the website of ASPAAS.

(3) The situations in which the measures provided for in this article are applied are established by order of the president of ASPAAS.

ART. 40

**Administrative responsibility (1)**

The financial auditor and the audit firms are administratively responsible in case of deviations from their professional duties.

(2) Administrative misconduct consists of an action or inaction that violates the provisions of this law, of the regulations in the field of statutory audit approved under the terms of the law or, as the case may be, of Regulation (EU) no. 537/2014.

(3) The procedure for ascertaining administrative violations, as well as the manner of carrying out the administrative procedure, are provided in the regulations of the Disciplinary Commission of ASPAAS.

(4) Following the administrative procedure, ASPAAS applies to the auditors financial institutions and audit firms one or more of the following sanctions:

- a) public warning, in which the sanctioned person and nature are identified of the violation, published on the website of ASPAAS;
- b) administrative penalty, between 2 and 6 gross minimum wages per economy, for financial auditors;
- c) administrative penalty, between 0.5% and 2.5% of the annual turnover related to the statutory audit activity, for audit firms; d) temporary ban, between 1 and 3 years, for the financial auditor, audit firm or key audit partner to perform financial audits and/or sign statutory audit reports;

e) the withdrawal of authorization, accompanied, in the case of natural persons, by the loss of quality financial auditor;

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

(5) If the financial auditor is convicted by a final judgment for criminal acts related to the exercise of the financial audit activity, or if the complementary punishment of the prohibition to carry out such an activity is applied to him, or the security measure for the exercise of this activity is taken activities, a copy of the court decision will be communicated to ASPAAS, in order to withdraw the authorization and delete it from the electronic public register. ASPAAS follows the progress of the criminal actions directed against the statutory auditors.

(6) They are considered serious violations and are sanctioned according to the provisions of para. (4) lit. d) or e) the following acts committed by financial auditors or audit firms:

- a) non-implementation or inadequate application of the provisions of art. 28 para. (1) lit. a) - g) and k);
- b) violation of the principles of professional ethics;
- c) lack of audit evidence that can support the conclusions based on which the audit opinion was issued.

ART. 41

### **Application of sanctions**

(1) In applying the preventive measures provided for in art. 39 or of the administrative sanctions mentioned in art. 40 para. (4) the relevant circumstances are taken into account, including, as the case

- may be, the following: a) the severity and period of the violation; b) the degree of responsibility of the responsible person, in relation to his duties; c) the amount of the profit obtained or the losses avoided by the responsible person, to the extent that they can be established, in relation to the commitment that leads to the application of the respective sanction; d) the extent to which the responsible person cooperates with ASPAAS;

e) previous deviations from the legislation in the field of statutory audit of which the financial auditor or the responsible audit firm is guilty.

(2) ASPAAS may also take into account other factors, if these factors are provided for by domestic law.

ART. 42

**Publication of sanctions and preventive measures (1)**

ASPAAS publishes on its website, after the exhaustion of appeals or the expiration of the term for exercising them, information on the type and nature of the violation and the identity of the natural or legal person to whom it was applied the final remaining sanction.

(2) The sanctioning decision will also contain provisions regarding the manner in which this will be made public.

(3) By way of exception from para. (1), ASPAAS publishes a sanction that remains definitive, without indicating the identity of the sanctioned person, in a manner consistent with domestic law, in any of the following

situations: a) if the sanction is imposed on a natural person and following an assessment prior to the mandatory proportionality of the publication of personal data, it is proven that this is disproportionate;

b) publication would endanger the stability of the financial markets or an ongoing criminal investigation;

c) publication would cause disproportionate damage to the institutions and persons involved.

(4) ASPAAS ensures that the information published in accordance with para. (1) remain on its website for a period of 5 years after the remedies have been exhausted or the term for exercising them has expired.

(5) The publication of sanctions and measures, as well as any public statement, must respect the fundamental rights, as established in the Charter of Fundamental Rights of the European Union, in particular the right to respect for private and family life and the right to the protection of personal data personal. ASPAAS may decide that this communication or any public statement does not contain personal data within the meaning of art. 3 lit. a) from Law no. 677/2001, with subsequent amendments and additions.

ART. 43

**Administrative-disciplinary liability of CAFR management structures (1)** Members of the

CAFR Council and other members elected or occupying a position in the management structures of CAFR are responsible for administrative disciplinary violations committed in the exercise of their functions and duties.

(2) ASPAAS applies to the persons referred to in par. (1) the following sanctions administrative-disciplinary:

a) written warning; b)

administrative-disciplinary penalty, between one and 12 minimum wages gross per economy;

c) suspension from office for a period of 6 months to one year.

(3) In the event of suspension of the CAFR president, the interim presidency is insured according to the specific regulations of the CAFR.

(4) The administrative-disciplinary violations for which the administrative-disciplinary sanctions provided for in para. (2) are the following: a) violation of the duties and tasks established according to art. 52; b) non-compliance with the applicable legislation for any of the delegated activities according to art. 52.

(5) ASPAAS publishes on its website the administrative disciplinary sanctions applied according to this article, which remained definitive after the exhaustion of appeals or the expiration of the term for exercising them.

(6) Sanctions published according to para. (5) are maintained on the website a ASPAAS for a period of one year from the date of publication.

(7) The administrative-disciplinary sanctions provided for in para. (2) applies within the term of 3 years from the date of the act.

(8) ASPAAS elaborates the procedure for ascertaining deviations, as well as rules for applying administrative-disciplinary sanctions.

(9) The amounts related to the sanctions provided for in para. (2) lit. b) and in art. 40 para. (4) LIT b) and c) are income to the state budget.

ART. 44

**Contraventional liability** (1) The

following facts constitute contraventions: a) violation by any person provided for in art. 21 para. (5), art. 23, 24 and art. 40 para. (6) of the prohibitions mentioned in these articles; b) violation by the audited entities of the provisions of art. 62 para. (2) and art. 65 para. (1) and (7); c) exercising the financial audit activity without the annual visa issued by the competent authority; d) the exercise of the financial audit activity by persons who passed the professional competence exam and are not registered in the electronic public register provided for in art. 14; e) violation by the audited entity or by the financial auditor or the firm

of audit, as the case may be, of the provisions of art. 63 para. (3).

(2) The contraventions provided for in para. (1) are sanctioned as follows: a) those provided for in letter a), c), d) and e), with a fine from 10,000 lei to 20,000 lei; b) those provided for in letter b), with a fine from 50,000 lei to 100,000 lei.

(3) Finding contraventions and applying sanctions are done by the persons established by order of the president of ASPAAS.

(4) The contraventions provided for in para. (1) the provisions of Government Ordinance no. 2/2001 regarding the legal regime of contraventions, approved with amendments and additions by Law no. 180/2002, with subsequent amendments and additions.

(5) The sums derived from the applied fines are brought to the state budget.

(6) The contraventions provided for in para. (1) are prescribed within 3 years from the date of the act.

ART. 45

### **Criminal liability**

Unauthorized exercise of the activity of financial audit constitutes a crime and is punished according to the criminal law.

ART. 46

### **Appeals (1)**

The orders of the president of ASPAAS, as well as any other administrative act issued by ASPAAS, can be appealed to the competent administrative litigation court, provided that a prior complaint is filed and in compliance with the other provisions of the Administrative Litigation Law no. 554/2004, with subsequent amendments and additions.

(2) The minutes of contravention drawn up by the authorized personnel within ASPAAS can be challenged according to the provisions of Government Ordinance no. 2/2001, approved with amendments and additions by Law no. 180/2002, with subsequent amendments and additions.

ART. 47

### **Reporting of violations (1)**

By order of the president of ASPAAS, regulations are approved that establish effective mechanisms to encourage reporting to ASPAAS of violations of this law, of Regulation (EU) no. 537/2014 or of any other applicable regulations in the field of statutory audit approved under the law.

(2) The mechanisms mentioned in para. (1) include at least:

a) specific procedures for receiving notifications regarding violations of any applicable regulations in the field of statutory audit, approved under the law, as well as subsequent monitoring actions in order to resolve the respective notification; b) the protection of personal data, both

of the person reporting the suspected or actual violation, as well as of the person suspected or accused of committing that violation, in accordance with the principles established in Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 regarding the protection of natural persons with regard to the processing of personal data and the free movement of such data, published in the Official Journal of the European Union, series L, no. 281 of November 23, 1995;

c) adequate procedures to guarantee the accused person's right to defense and to be heard before the adoption of a decision concerning him.

(3) ASPAAS carries out checks regarding the adoption by audit firms of appropriate procedures that allow their employees to internally report potential or actual violations of the provisions of this law and of Regulation (EU) no. 537/2014.

ART. 48

### **Exchange of information**

(1) ASPAAS annually provides COESA with a summary of all measures and the sanctions applied under this chapter.

(2) ASPAAS communicates to COESA all the temporary prohibitions mentioned in art. 40 para. (4) lit. d) and f) after the exhaustion or expiration of the term for exercising the means of appeal of the administrative sanctioning act, according to the national legislation.

## CHAPTER VIII

### **Public supervision and regulatory agreements between member states**

#### ART. 49

##### **Principles of public supervision (1)**

ASPAAS is responsible for the public supervision of financial auditors and audit firms and the organization of an effective system of public supervision based on the principles provided for in paragraph (2) - (4) and art. 50 - 55.

(2) All financial auditors and all audit firms are subject to public supervision.

(3) The President of ASPAAS, as well as the members of the Superior Council of ASPAAS are non-practitioners who possess knowledge in relevant fields for the statutory audit. ASPAAS Superior Council members are selected following an independent and transparent appointment procedure.

(4) ASPAAS may employ practitioners to perform specific tasks and may also be assisted by experts in the situation where their presence is important for the proper performance of its tasks. In such cases, neither practitioners nor experts should be involved in any ASPAAS decision-making process.

#### ART. 50

##### **Final responsibility Under**

the conditions in which duties are delegated according to the provisions of art. 52, ASPAAS holds the final responsibility for the fulfillment of delegated duties, respectively: a) authorization and registration of financial auditors and audit firms; b) the adoption of audit, professional ethics and internal control standards quality assurance, in the case of financial auditors and audit firms; c) continuous professional training; d) quality assurance systems; e) investigation and discipline systems.

#### ART. 51

##### **Competent authority (1)**

ASPAAS is the competent authority for the fulfillment of the duties provided by this law. The Ministry of Public Finance informs the European Commission about the designation of ASPAAS as the competent authority.

(2) ASPAAS is endowed with the necessary powers to enable it to fulfill its duties and responsibilities under this law.

(3) ASPAAS exercises its powers in accordance with the legal regulations regarding the protection of natural persons with regard to the processing of personal data.

#### ART. 52

##### **Delegation of powers and conditions for delegation of powers**

(1) By order of the president, ASPAAS can delegate to CAFR, fully or partially, the fulfillment of the following duties, under the terms of this law:

a) the authorization of natural persons as financial auditors, according to the provisions of art. 3 paragraph

(3); b) the authorization of entities as audit firms, according to the provisions of art. 3 paragraph (5);

c) registration of audit firms authorized in another member state, as appropriate the provisions of art. 4 para. (2) and (3);

d) withdrawal of the authorization of a financial auditor or an audit firm, according to the provisions of art. 3 paragraph (6) and art. 6 para. (4); e) organization

of the professional competence exam, according to the provisions of art. 8 para. (1); f) the organization of the

knowledge verification test for access to the internship, as well as the verification of the implementation of the practical training internship, according to the provisions of art. 11;

g) organization of continuous training programs, according to the provisions of art. 12 para. (2); h)

authorization of financial auditors who have been authorized in another member state of the European Union/European Economic Area, according to the provisions of art. 13 para. (1); i) registration of financial

auditors and audit firms in the electronic public register, according to the provisions of art. 14 para. (2), (5) and (7); j) updating the information contained in the electronic public

register, according to the provisions of art. 17 para. (2); k) translation and publication of the Code of Ethics, according to the provisions

of art. 20 para. (2); l) the translation and publication of the International Auditing Standards, according to the provisions of art. 32 para. (2); m) ensuring compliance with the principles of professional ethics by the auditors

financial institutions and audit firms, according to the provisions of art. 20 para. (1);

n) conducting quality assurance inspections at financial auditors and audit firms, which perform statutory audits at entities other than those of public interest.

(2) The delegation provided for in para. (1) is done in compliance with the provisions of art. 24 of Regulation (EU) no. 537/2014.

(3) The order of the president of ASPAAS regarding the renewal of the delegation of any attribution to the CAFR must be based on an assessment of the operational capacity of the CAFR and the way of fulfilling the delegated attributions in the previous period.

(4) Delegation of any of the attributions mentioned in para. (1) is done for a period of no more than 5 years, with the possibility of its renewal according to para. (3).

(5) ASPAAS supervises the fulfillment of delegated duties according to the provisions of para. (1) through an effective and permanent control. (6) In the exercise of its duties,

ASPAAS has the right to request from the CAFR any information necessary to achieve the objectives pursued regarding the delegated or supervised activities.

(7) In the ASPAAS president's delegation order, the delegated attributions are specified, as well as the conditions under which they must be executed.

(8) Delegation of one or more attributions provided for in para. (1) is done with compliance by CAFR at least of the following conditions:

- a) annual reporting or whenever ASPAAS deems necessary on the manner of exercising the attribution or the delegated attributions;
- b) ensuring the working conditions for the ASPAAS staff who supervise and control the exercise of the delegated attribution or attributions, including access to information and communication with CAFR employees;
- c) application of the regulations in the delegated field; d) permanent cooperation with ASPAAS; e) implementation of ASPAAS recommendations; f) fulfillment of the specific delegation conditions established by the delegation order issued by ASPAAS, depending on the delegated attributions.

(9) In the case of ASPAAS reacquiring one or more powers delegated to CAFR, regarding the organization of the professional competence exam, according to the provisions of art. 8 para. (1), or when verifying the implementation of the practical training internship, according to the provisions of art. 11 paragraph (1), the trainees in the statutory audit activity are recognized, as the case may be, the tests of the professional competence exam passed until the moment of reacquiring the respective attribution, as well as the years of internship carried out during the delegation period.

(10) By order of the president of ASPAAS, regulations are approved regarding the supervision and control of the performance of the delegated duties.

#### ART. 53

##### **Withdrawal of delegation**

(1) ASPAAS withdraws the delegation of one or more attributions provided for in art. 52 para. (1), in any of the following cases: a) violation of the conditions of delegation; b) non-fulfillment, delayed or defective fulfillment by CAFR a of any of the delegated attributions;

- c) in other situations provided by law.

(2) By order of the ASPAAS president, the withdrawal procedure is approved delegated attributions.

(3) Prior to the withdrawal of the delegation, ASPAAS grants a period for remedying the identified deficiencies, between 30 and 120 days from the date of communication of the finding to the CAFR. In the event that it is found that the deficiencies are not remedied within the established term, the provisions of para. (1) regarding the withdrawal of the delegation.

#### ART. 54

##### **Competence of investigations**

(1) ASPAAS has the right to initiate and carry out investigations regarding auditors financial institutions or audit firms and take the appropriate measures, as the case may be.

(2) If ASPAAS contracts experts to perform specific services in the framework of investigations, it must be ensured that there are no conflicts of interest between them and the financial auditor or audit firm being investigated, as well as between them and ASPAAS or CAFR. The selection criteria for experts must be the same as those provided for in art. 35 para. (6) lit. a) and c).



ART. 55

**Principles of financing and ensuring transparency**

(1) ASPAAS must be properly financed and have adequate resources to fulfill its duties, including to initiate and carry out investigations, as mentioned in art. 51 para. (2) and art. 54.

(2) ASPAAS funding must be secure and without inappropriate influences from financial auditors or audit firms.

(3) To ensure the transparency of the activity carried out, the annual activity plan and the annual activity report of ASPAAS is published on its website.

ART. 56

**Cooperation between public surveillance systems at the level of the European Union**

**Union** (1) The regulatory agreements concluded by ASPAAS with public surveillance bodies from the other member states of the European Union/European Economic Area allow effective cooperation in terms of public surveillance activities of statutory audit.

(2) ASPAAS is the authority responsible for ensuring effective cooperation at the level of the European Union regarding the activity of public supervision of the statutory audit.

ART. 57

**Mutual recognition of regulatory agreements between member states (1)**  
The

agreements concluded by Romania with the other member states of the European Union/European Economic Area, regarding regulation and public supervision, respect the principle of the jurisdiction of the member state of origin where the financial auditor is authorized or the audit firm and where the audited entity has its registered office.

(2) Without prejudice to the provisions of para. (1), audit firms authorized in a member state that perform audit services in Romania, pursuant to art. 4, are the subject of quality assurance inspections in the Member State of origin and ASPAAS supervision for the statutory audit missions carried out on the territory of Romania.

(3) The audit missions carried out by audit firms from Romania in another member state are subject to the supervision of the competent body in the respective member

state. (4) In the case of the statutory audit of the consolidated annual financial statements, the Romanian authorities requesting the statutory audit of the consolidated annual financial statements cannot impose on the financial auditor or the audit firm that performs the statutory audit of a subsidiary established in another member state of European Union/European Economic Area additional requirements to the respective member state regarding registration, verification for quality assurance, auditing standards, ethics and

independence. (5) In the case of entities that have their headquarters in another member state of the European Union/European Economic Area, and their securities are admitted to trading on a regulated market in Romania, the Romanian authorities

cannot impose on the financial auditor or the audit firm that audits the annual financial statements or the consolidated annual financial statements of the respective entities additional requirements regarding registration, inspections for quality assurance, auditing standards, ethics and independence.

(6) A financial auditor or an audit firm is subject to the supervision, quality assurance and investigation systems and sanctions in Romania if: a) the financial auditor or audit firm is registered in Romania, as a result of the authorization in accordance with Art. 3 or 66; and b) the financial auditor or the

respective audit firm issues audit reports on the annual financial statements or consolidated annual financial statements on a regulated market in Romania, as mentioned in art. 67 para. (1).

ART. 58

### **Professional secrecy and cooperation between member states in the field of regulation (1)**

ASPAAS cooperates with: a)

the competent authorities of the member states responsible for authorisation, registration, quality assurance, inspection and discipline;

b) the competent authorities designated in accordance with art. 20 of Regulation (EU) no. 537/2014; and c)

the relevant European supervisory authorities, whenever necessary, in order to fulfill their responsibilities and duties, provided for in this law and in Regulation (EU) no. 537/2014.

(2) ASPAAS provides assistance to competent authorities from other member states and relevant European supervisory authorities. In particular, ASPAAS exchanges information and cooperates in investigations related to the performance of the statutory audit.

(3) The obligation of professional secrecy applies to all persons who are or have been employed or appointed by ASPAAS, as well as collaborators. The information that is subject to professional secrecy cannot be disclosed to any other person or authority, unless otherwise provided by law.

(4) The provisions of para. (3) does not prevent ASPAAS and CAFR from exchanging confidential information. In this situation, the provisions of para. (3) CAFR also applies accordingly.

ART. 59

### **Exchange of information**

(1) The provisions of art. 58 para. (3) does not prevent the competent authorities mentioned in art. 58 para. (1) to exchange confidential information. The information exchanged in this way is subject to professional secrecy, to which the persons employed or previously employed by the competent authorities are bound. The obligation to preserve professional secrecy also applies to any person employed or former employee of CAFR, to the extent that ASPAAS delegates to him/her attributions within the meaning of the provisions of this law.

(2) ASPAAS provides, upon request and without undue delay, any information requested in accordance with the provisions of art. 58 para. (1) and (2). If ASPAAS receives such a request, it takes the necessary measures without any undue delay

to collect the requested information. The information thus provided is subject to the professional secrecy that binds the persons employed or previously employed by the competent authorities who receive the respective information.

(3) If ASPAAS cannot provide without delay the requested information in accordance with the provisions of para. (2), it notifies the competent authority that addressed the request of the reasons for the delay.

(4) ASPAAS can refuse to comply with a request for information, in the situation in which:

a) the provision of information may affect national security, the defense of the country and public order; or b)

legal proceedings have already been initiated regarding the same actions and against the same financial auditors or audit firms, in addition to the Romanian authorities to whom the request was

addressed; or c) a definitive court decision has already been adopted regarding the same actions and against the same financial auditors or audit firms by the competent Romanian authorities to whom the request was addressed.

ART. 60

#### **Use of information (1)**

Without prejudice to their obligations in judicial proceedings, the competent authorities in Romania that receive information pursuant to art. 58 para. (1) and (2) can only use them for the exercise of their functions within the meaning of this law and Regulation (EU) no. 537/2014 and within the administrative or judicial procedures specifically related to the exercise of the respective functions.

(2) At their request, ASPAAS transmits to the National Bank of Romania, the Financial Supervisory Authority or to other public authorities responsible for the supervision of public interest entities or the European System of Central Banks and the European Central Bank, in their capacity as supervisory authorities, as well as to the European Committee for Systemic Risk confidential information necessary for the exercise of their duties.

(3) In order to fulfill their duties in accordance with Regulation (EU) no. 537/2014, the exercise of the right to transmit information between the authorities mentioned in para. (1) and (2) cannot be prohibited.

ART. 61

#### **Cooperation in case of violation of legal provisions on the territory of another member state**

(1) In the event that ASPAAS finds that acts contrary to the provisions of Directive 2006/43/EC, as amended by Directive 2014/56/EU of the European Parliament and of the Council of April 16, 2014, are being committed or have been committed of Directive 2006/43/EC of the European Parliament and of the Council of May 17, 2006 regarding the legal audit of annual financial statements and consolidated financial statements, on the territory of another member state, notify the matters found to the competent authority of the other member state, as specifically as possible possible.

(2) If the competent authority of another member state informs ASPAAS regarding the commission on the territory of Romania by the financial auditors

or the audit firms authorized in Romania by acts contrary to the legislation regarding the statutory audit, ASPAAS acts accordingly, according to the law.

(3) ASPAAS informs the competent authority that issued the notification about the result of the actions taken and, if possible, about significant developments.

(4) ASPAAS may request an investigation by the competent authority of another member state on the latter's territory, based on the protocol concluded with it.

(5) At the request of the competent authorities in the field of statutory audit from a another member state, ASPAAS carries out investigations on the territory of Romania.

(6) ASPAAS may request that some of its employees be allowed to accompany the staff of the competent authority of the other member state during the investigation.

(7) At the request of the competent authorities in the field of statutory audit from another member state, ASPAAS may allow their employees to accompany ASPAAS personnel during the investigation.

(8) The investigation provided for in para. (5) is subject to a general control by the the competent authority in Romania.

(9) ASPAAS may refuse to comply with a request to carry out an investigation, as provided for in para. (5), or a request that its personnel be accompanied by the personnel of the authorities from other member states, as provided for in para. (6), in the situation

where: a) the provision of information may harm national security, the defense of the country and public

order; or b) legal proceedings have already been initiated regarding the same actions and against the same persons in addition to the Romanian authorities; or

c) a final court decision has already been adopted against some persons for the same actions by the competent authorities in Romania.

## CHAPTER IX

### **Statutory audit contracts and the audit committee**

#### ART. 62

##### **Appointment of financial auditors or audit firms (1)**

The financial auditor or audit firm is appointed by the general assembly of shareholders or associates of the audited entity. The statutory audit is carried out on the basis of the statutory audit contract, which is concluded in writing, after the date of appointment of the financial auditor or audit firm by the general meeting of shareholders or associates of the audited entity.

(2) Any contractual clause that restricts, to certain categories or lists of financial auditors or audit firms, the possibility of the general meeting of shareholders or associates of the audited entity to designate pursuant to para. (1) a specific financial auditor or audit firm to perform the statutory audit of the respective entity. Any such existing clauses are void.

#### ART. 63

### **Termination of statutory audit contracts**

(1) The statutory audit contract concluded with a financial auditor or with a firm of audit can be terminated under the law.

(2) Divergence of opinions regarding accounting treatments or procedures audit is not a valid reason for terminating the contract.

(3) The audited entity and the financial auditor or the audit firm inform ASPAAS in writing about the termination of the contract that occurred during the mandate or the statutory audit contract and give an adequate written explanation for their reasons.

### **ART. 64**

#### **The complaint regarding the revocation of the financial auditor or the audit firm (1)**

In the case of a statutory audit of a public interest entity, it is allowed to submit a complaint to a competent court requesting the revocation of the financial auditor or the termination of the audit contract statutory with the audit firm.

(2) In applying the provisions of para. (1) the court may be requested to compel the audit firm to revoke the financial auditor appointed by the audit firm to perform a specific statutory audit mission.

(3) ASPAAS may request the revocation of the financial auditor or the termination of the statutory audit contract, as the case may be, if a sanction has been applied to the financial auditor or the audit firm, which remains final, according to the provisions of art. 40 para. (4) lit. d) and e).

### **ART. 65**

#### **Audit committee (1)**

Entities of public interest must have an audit committee, according to the law.

(2) The audit committee must be an independent committee or a committee of the administrative or supervisory board of the audited entity. It is made up of non-executive members of the board of directors or supervisors of the audited entity and/or of the members appointed by the general assembly of shareholders or associates of the audited entity or, for entities that do not have shareholders or associates, by an equivalent body.

(3) At least one member of the audit committee must have competences in the field of accounting and statutory audit, proven by qualification documents for the respective fields.

(4) The audit committee must have the qualifications provided by law in the field in which the audited entity operates.

(5) The majority of the members of the audit committee must be independent of the audited entity. The chairman of the audit committee is appointed by its members or by the supervisory board of the audited entity and is independent of the audited entity.

(6) Without prejudice to the responsibility of the entity's administrator, members of the board of directors/supervisory, management or other members who are appointed by the general meeting of shareholders or associates within the audited entity, the audit committee has, among others, the following attributions: a) informs the administrator of the

entity or the members of the board of directors/supervisory of the audited entity, as the case may be, regarding the results

the statutory audit and explains how the statutory audit contributed to the integrity of financial reporting and what was the role of the audit committee in this process;

b) monitors the financial reporting process and submits recommendations or proposals to ensure its integrity; c) monitors the effectiveness

of the internal quality control systems and the entity's risk management systems and, as the case may be, of the internal audit regarding the audited entity's financial reporting, without violating its independence; d) monitors the statutory audit of the annual financial

statements and the consolidated annual financial statements, especially its performance, taking into account the findings and conclusions of the competent authority, in accordance with art. 26 para. (6) from Regulation (EU) no. 537/2014;

e) evaluates and monitors the independence of financial auditors or audit firms in accordance with art. 21 - 25, 28 and 29 of this law and with art. 6 of Regulation (EU) no. 537/2014 and, in particular, the opportunity to provide non-audit services to the audited entity in accordance with art. 5 of that regulation; f) is responsible for the selection procedure of the

financial auditor or audit firm and recommends to the general assembly of shareholders/ members of the administrative or supervisory body the financial auditor or audit firm/firms to be appointed in accordance with art. 16 of Regulation (EU) no. 537/2014, except for the case where art. 16 para. (8) from Regulation (EU) no. 537/2014.

(7) Entities whose annual financial statements are subject, according to the law, to statutory audit are obliged to organize and ensure the exercise of internal audit activity, according to the legal framework.

## CHAPTER X

**International aspects and the application of the provisions of Regulation (EU) no. 537/2014 regarding specific requirements regarding the statutory audit of public interest entities and repealing Decision 2005/909/EC of the European Commission**

### ART. 66

#### **Authorization of auditors from third**

**countries** (1) Subject to reciprocity, ASPAAS may authorize an auditor from a third country as a financial auditor if the person in question has provided proof that he complies with requirements equivalent to those provided for in art. 5 and art. 7 - 12.

(2) ASPAAS applies the requirements provided for in art. 13 before the authorization of a auditor from a third country who meets the requirements of para. (1).

### ART. 67

#### **Registration and supervision of auditors and audit entities from third countries (1)**

ASPAAS, in accordance with art. 14 - 16, must register each auditor from a third country or audit entity from a third country in the event that the respective auditor or audit entity submits an audit report on the situations

annual or consolidated financial statements of an entity registered outside the European Union, whose transferable securities are admitted to trading on a regulated market in Romania in the sense of art. 4 para. (1) point 14 of Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on financial instruments markets, amending Directives 85/611/CEE and 93/6/CEE of the Council and Directive 2000/12/CE of the European Parliament and of the Council and repealing Directive 93/22/EEC of the Council, published in the Official Journal of the European Union, series L no. 145 of April 30, 2004, unless the entity in question is an exclusive issuer of pending debt securities, for which one of the following conditions applies: a) they have been admitted to trading on a regulated market of a member state, in the sense of art. 2

para. (1) lit. c) from Directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004 on the harmonization of transparency obligations regarding information on issuers whose securities are admitted to trading on a regulated market and amending the 2001 Directive /34/CE, published in the Official Journal of the European Union, series L no. 390 of December 31, 2004, before December 31, 2010 and having a nominal unit value at the date of issuance of at least 50,000 euros or, in the case of debt securities denominated in another currency, a value at the date of issuance equivalent to at least 50,000 euros; b) are admitted to trading on a regulated market of a member state, in the sense of art. 2 para. (1) lit. c) from Directive 2004/109/EC, starting from December 31, 2010

and having a nominal unit value at the date of issuance of at least 100,000 euros or, in the case of debt securities denominated in another currency, a value at the date of issuance equivalent to at least 100,000 euros .

(2) The registration of auditors and audit entities from third countries is carried out in compliance with the provisions of art. 17 and 18 regarding the information contained in the electronic public register.

(3) Auditors and audit entities from third countries that are registered but not authorized in Romania do not have the right to carry out financial audit activities in Romania in accordance with this law.

(4) Auditors and audit entities from third countries registered but not authorized in Romania are subject to the systems of quality supervision, quality assurance and investigations and sanctions provided by this law.

(5) ASPAAS can exempt an auditor or an audit entity from a third country, registered but not authorized in Romania, from the obligation to be subject to the quality assurance system, in the event that the quality assurance system from a member state or from a third country, considered equivalent in accordance with art. 69, carried out a quality check of the activity of the auditor or audit entity from the third country in the last 3 years.

(6) Without prejudice to the provisions of art. 69, the audit reports on the annual financial statements or the consolidated financial statements mentioned in para. (1), issued by auditors or audit entities from third countries that are not registered in Romania, have no legal effect on the territory of our country.

### **The conditions for the registration of audit entities from third countries**

(1) In application of art. 67, ASPAAS can register audit entities from third countries only under the conditions in which:

- a) the majority of the members of the administrative or management body of the audit entity from a third country meet requirements equivalent to those provided for in art. 5 - 11; b) the auditor from a third country, who performs the audit on behalf of the audit entity from a third country, meets requirements equivalent to those provided for in art. 5 - 11;
- c) the audit of the annual or consolidated financial statements referred to in art. 67 para. (1) is carried out in accordance with international auditing standards, as provided for in art. 32, as well as with the requirements mentioned in art. 21 - 23, 25 and 30 or with equivalent standards and requirements;

d) publishes on its website an annual transparency report that includes the information mentioned in art. 13 of Regulation (EU) no. 537/2014 or comply with equivalent requirements regarding the provision of information.

(2) ASPAAS can register an auditor from a third country only if he fulfills the conditions provided for in paragraph (1) lit. b) - d).

(3) ASPAAS can assess the equivalence provided for in paragraph (1) lit. c), in the absence of a decision to this effect by the European Commission.

ART. 69

### **Derogation in case of equivalence (1)**

The requirements stated in art. 67 para. (1), (4) and (5), on the basis of reciprocity between ASPAAS and the competent authority in the respective country, may not be applied or be applied with modifications only if auditors or audit entities from third countries make the object of public surveillance, quality assurance and investigation and sanctions systems in the third country, systems that meet requirements equivalent to those stated in art. 29, 30 and 32 of Directive 2006/43/EC, with subsequent amendments and additions.

(2) After the European Commission recognized the equivalence mentioned in para. (1), ASPAAS can rely on this equivalence.

(3) ASPAAS submits to the European Commission: a) its evaluations regarding equivalence; b) the main elements of cooperation agreements with public surveillance systems, quality assurance systems and investigation and penalty systems from third countries, based on para. (1).

ART. 70

### **Cooperation with the competent authorities from third countries**

(1) ASPAAS may allow the transfer to the competent authorities from a third country of audit files or other documents held by financial auditors or audit firms authorized in Romania, as well as the reports of inspection or investigations related to the audit in question, provided that: a) these audit documents or other documents are related to the audit of companies that have issued

securities in that third country or that are part of a group that prepares annual financial statements consolidated in that third country;

b) the transfer takes place through the competent authorities in Romania to the competent authorities in the third country, at their request;



c) the competent authorities of the third country in question to fulfill the requirements they have were considered adequate in accordance with para. (3);

d) there must be a collaboration agreement based on reciprocity between the competent authority in Romania and the competent authorities in the third country; e)

the transfer of personal data to the third country must take place in accordance with the provisions of Law no. 677/2001 for the protection of individuals regarding the processing of personal data and the free movement of such data, with subsequent amendments and additions.

(2) The collaboration agreements provided for in para. (1) lit. d) must ensure that: a) the competent authorities justify the reasons for the request to obtain the files of audit or other documents;

b) persons employed or previously employed by the competent authorities of the third country that receives the information are subject to the obligation to preserve professional secrecy; c) the protection of

the audited entity's commercial interests, including intellectual and industrial property rights, must not be compromised; d) the competent authorities of a third

country may use the audit files and other documents only for the exercise of their functions of public supervision, quality assurance and investigations, functions that fulfill requirements equivalent to those of art. 29, 30 and 32 of Directive 2006/43/EC, with subsequent amendments and additions; e) ASPAAS may refuse the request of a competent authority from a third country regarding

audit files or other documents held by a financial auditor or a firm, in the event that: the provision of audit files or documents may harm sovereignty, security or the public order of the European Union or of Romania; legal proceedings have already been initiated regarding the same actions and against the same persons in addition to the Romanian authorities to whom the request is addressed; a definitive court decision has already been adopted regarding the same actions and against the same financial auditors or audit firms by the competent authorities in Romania.

(3) ASPAAS adopts the necessary measures to comply with the Commission's decision European regarding the degree of adequacy mentioned in paragraph. (1) lit. c).

(4) In exceptional cases and by way of derogation from the provisions of para. (1), ASPAAS may allow financial auditors or audit firms authorized in Romania to transfer audit files and other audit documents directly to the competent authorities of a third country, provided that: a) the competent authorities of that third country have

initiated investigations related to the respective financial auditor or audit firm; b) the transfer does not contravene the obligations that financial

auditors and audit firms must comply with in relation to the transfer of audit files or other documents to ASPAAS;

c) there must be a collaboration agreement between the competent Romanian authority and the competent authorities of that third country that allows ASPAAS mutual direct access to the audit files and other documents of the audit entities from that third country;

d) the competent authority making the request from the third country in question informs ASPAAS in advance about each direct request for information, indicating its reasons;

e) the conditions mentioned in paragraph (2).

(5) ASPAAS brings to the attention of the European Commission the collaboration agreements provided for in para. (1) and (4) to which it is a party.

ART. 71

### **Application of the provisions of Regulation (EU) no. 537/2014**

(1) Financial auditors and audit firms can provide the services mentioned in art. 5 para. (1) paragraph 2 letter a) point (i) and point (iv) - (vii) and letter f) from Regulation (EU) no. 537/2014, in compliance with the requirements provided for in art. 5 para. (3) from Regulation (EU) no. 537/2014.

(2) According to the provisions of art. 17 para. (4) from Regulation (EU) no. 537/2014, the maximum duration mentioned in art. 17 para. (1) paragraph 2 of Regulation (EU) no. 537/2014 can be extended up to a maximum duration of 20 years, if a public award procedure for the statutory audit is carried out in accordance with art. 16 para. (2) - (5) of Regulation (EU) no. 537/2014 and produces effects after the expiration of the maximum duration mentioned in art. 17 para. (1) paragraph 2.

(3) In applying the provisions of art. 20 para. (1) lit. c) from Regulation (EU) no. 537/2014, ASPAAS is the competent authority responsible for fulfilling the duties provided by Regulation (EU) no. 537/2014 and with the verification of the implementation of its provisions.

(4) In applying para. (3), the procedure for appointing financial auditors by ASPAAS is completed with the relevant provisions contained in the specific legislation issued by the regulatory authorities.

## **TITLE II**

### **The authority for public supervision of the statutory audit activity**

ART. 72

#### **Object**

This title regulates the establishment, organization, operation and attributions of the Authority for Public Supervision of the Statutory Audit Activity (ASPAAS), as well as the supervision of the activity of financial auditors, audit firms and CAFR.

ART. 73

### **Legal status and role of ASPAAS**

(1) ASPAAS is established by reorganizing the Council for Public Interest Supervision of the Accounting Profession, established according to art. 53 of the Government Emergency Ordinance no. 90/2008 regarding the statutory audit of the annual financial statements and the consolidated annual financial statements and the supervision in the public interest of the accounting profession, approved with amendments by Law no. 278/2008, with subsequent amendments and additions.

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

(3) ASPAAS is a public institution, with legal personality, with the role of ensuring supervision in the public interest, according to the principles contained in Directive 2006/43/EC, with subsequent amendments and additions, ensuring the application, implementation and monitoring of compliance with the normative acts issued at European Union level, transposed into national legislation or directly applicable, in the areas provided by this law.

(4) ASPAAS operates under the Ministry of Public Finance.

(5) ASPAAS is headquartered in Bucharest, str. Apolodor no. 17, sector 5.

ASPAAS headquarters can be changed, under the law, by order of the ASPAAS president, which is published in the Official Gazette of Romania, Part I.

(6) ASPAAS carries out its activity according to this law, the Government decision provided for in art. 81 para. (1) and the Regulation on the organization and operation of ASPAAS, approved by the Minister of Public Finance.

(7) In order to ensure the application under conditions of continuity of the provisions of Directive 2006/43/EC, with subsequent amendments and additions, and in compliance with the provisions of art. 81, ASPAAS takes over the staff, as well as the patrimony from the entity that is being reorganized, established on the basis of the financial statements drawn up according to the provisions of art. 28 para. (1<sup>^</sup>1) from the Accounting Law no. 82/1991, republished, with subsequent amendments and additions.

(8) The recruitment of staff taken over from the Council for Public Interest Supervision of the Accounting Profession is carried out in compliance with the legal terms and procedures applicable to each category of staff.

#### ART. 74

##### **The objectives of**

**ASPAAS** In order to increase public confidence in the annual financial statements and in the audited consolidated annual financial statements, ASPAAS mainly has the following objectives:

- a) increasing the quality of the statutory audit;
- b) increasing the professionalism of financial auditors and audit firms;
- c) supervision in the public interest of the statutory audit activity, according to the requirements European Union regulations and other regulations in the field;
- d) ensuring the effectiveness of one's own activity carried out in the field of statutory audit.

#### ART. 75

##### **Attributions of**

**ASPAAS** (1) The main attributions of ASPAAS as the competent authority according to Directive 2006/43/EC, with subsequent amendments and additions, and this law are the following:

- a) authorization and withdrawal of authorization of financial auditors and audit firms;
- b) registration of financial auditors and audit firms in the electronic public register;

- c) continuous training of financial auditors and training of interns in the statutory audit activity; d) carrying out inspections to ensure the quality of the statutory audit; e) carrying out inspections related to financial auditors and audit firms in exercising the statutory audit activity; f) adopting the measures and applying the sanctions provided by this law; g) supervision and control of the way CAFR exercises its duties delegated according to art. 52;
- h) cooperation with other competent authorities from Romania and other member states, as well as with other national and international bodies involved in the process of drafting and implementing regulations specific to the field of statutory audit; i) the transmission of information and answers, to the requests of the European Commission, regarding the statutory audit profession and the supervision in the public interest at national level of the statutory audit activity;
- j) issuing own regulations based on and in application of the provisions of this law.

(2) ASPAAS also fulfills the following duties necessary for exercise his competences:

- a) implementing the strategy regarding the surveillance activity in interest public of the statutory audit activity;
- b) adoption of the Code of Ethics issued by IFAC;
- c) supervising the translation and revision of the translation of international standards audit and the Code of Ethics issued by IFAC;
- d) any other duties specific to his field of activity, established by this law or by other national and European Union regulations.

ART. 76

#### **The right of ASPAAS to request information (1)**

ASPAAS, in exercising its right to request information from financial auditors, audit firms or CAFR, uses tools such as reports, questionnaires, interviews or other methods, depending on the objective in sight.

(2) ASPAAS has the right to check the information received from financial auditors, audit firms or CAFR to ascertain whether they correspond to reality and legality.

(3) ASPAAS has the right to request from any institution and/or authority with powers of regulation/ supervision of entities of public interest the information it considers necessary for the fulfillment of its powers. The institutions in question must respond promptly to ASPAAS requests.

ART. 77

#### **President of ASPAAS (1)**

ASPAAS is led by a president with the rank of undersecretary of state, named by decision of the Prime Minister, at the proposal of the Minister of Public Finance.

(2) In exercising his powers, the president of ASPAAS issues orders and decisions.

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

(4) The President of ASPAAS has the capacity of tertiary credit orderer and can delegate this capacity to leading civil servants, under the law. The delegation order specifies the limits and conditions of the delegation.

(5) The president represents ASPAAS in relations with public administration authorities, with other legal entities, with natural persons, as well as with bodies from the country and abroad.

(6) The President of ASPAAS may delegate, under the law, some powers to leading civil servants within ASPAAS. The delegation order specifies the limits and conditions of the delegation. (7) If the president of ASPAAS, for valid reasons, cannot

exercise his duties, he delegates by order to one of the leading civil servants to exercise these duties.

(8) The President of ASPAAS is responsible to the Minister of Public Finance for the entire activity of ASPAAS.

ART. 78

### **The Superior Council of ASPAAS**

(1) In exercising the powers provided for by law, the president of ASPAAS is supported by members of the ASPAAS Superior Council.

(2) The members of the Superior Council represent the institutions that appointed them and are consulted regarding the performance of the supervision activity in the public interest of the statutory audit activity, according to the provisions of the Regulation on the organization and operation of ASPAAS.

(3) The superior council consists of 6 members and has the following composition: a) a representative of the Ministry of Public Finance, who is not an employee of ASPAAS; b) a representative

of the Ministry of Justice; c) a representative of the National Bank of Romania; d) a representative of the Financial Supervision Authority; e) a representative of the Chamber of Commerce and Industry of Romania; f) a representative of the Chamber of Financial Auditors from Romania.

(4) The superior council elects a president from among its members. The duration of the mandate of the president of the Superior Council is one year, with the right to renew the mandate only once.

(5) The members of the Superior Council must be in legal relations with the institution that appointed them. Termination of legal relations with the institution he represents has the effect of terminating the mandate of the respective person in the Superior Council.

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

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

(8) The superior council meets quarterly, as well as at the convocation of the president of ASPAAS. (9) The meetings

of the Superior Council are statutory, provided that at least the participation of 3 members of it.

(10) The members of the Superior Council receive a quarterly allowance for attending meetings. The allowance level is 25% of the ASPAAS president's allowance from the month of the last meeting of the quarter.

(11) The duration of the mandate of the members of the Superior Council is 3 years, with the right to renewal of the mandate only once, at the proposal of the institution that appointed them.

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

ART. 79

**Duties and responsibilities of ASPAAS Superior Council members** (1) Superior Council members, through their specific experience in the fields of activity they represent, provide the necessary technical support and expertise to the president for the proper performance of ASPAAS activity.

(2) The superior council has the following attributions: a) proposes the annual activity plans and strategic guidelines of ASPAAS; b) proposes measures to improve monitoring and supervision in the interest public, in order to improve the audit activity;

c) fulfills any other duties in the field, established by the Regulation of organization and functioning of ASPAAS.

(3) The members of the Superior Council issue opinions and points of view, under the conditions provided by the Regulation on organization and operation of ASPAAS.

ART. 80

**The annual activity plan and the annual report of ASPAAS** (1) The annual activity plan and the annual activity report of ASPAAS are subject to approval of the Minister of Public Finance and is published on the ASPAAS website.

(2) Failure to approve the annual activity report leads to the revocation of the ASPAAS president.

ART. 81

**ASPAAS personnel (1)**

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

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

(3) The salary of the ASPAAS staff is established at the salary level related to the functions within the own apparatus of the Ministry of Public Finance or from the institutions subordinate to it, in case there is no similar function.

ART. 82

**Conflict of interest**

Members of the Superior Council and the Disciplinary Commission, as well as the staff ASPAAS carries out its activity in such a way as to avoid the conflict of interests.

ART. 83

**Disciplinary Commission of ASPAAS**

(1) The Disciplinary Commission is established and operates within ASPAAS.

(2) The disciplinary committee consists of 4 members with legal or economic training and has the following composition: a) a representative of the

Ministry of Public Finance;

b) a representative of the National Bank of Romania; c) a representative of the Financial Supervision Authority; d) a representative of ASPAAS.

(3) The disciplinary commission elects a president from among its members.

(4) Putting into practice the administrative procedure related to deviations from the statutory audit legislation is carried out by the Disciplinary Commission.

(5) The term of office of the members of the Disciplinary Commission is 3 years, with the right to renewal of the mandate only once, at the proposal of the institution that appointed them.

(6) The organization and functioning of the Disciplinary Commission are provided by its regulations.

(7) The disciplinary committee meets quarterly, as well as when convened by its president. (8) The meetings of the

Disciplinary Commission are statutory provided that the at least 3 of its members.

(9) The disciplinary commission draws up a report proposing the sanctions provided for in art. 40 para. (4), respectively in art. 43 para. (2) or a referral classification report, as the case may be.

(10) The Disciplinary Commission is competent with regard to administrative notifications regarding financial auditors and audit firms in Romania in any of the following situations: a) if the facts are related to

statutory audit activities; b) if the provisions of the Code of Ethics mentioned in art. 20 para. (1), in performing the statutory audit activity;

c) if the acts are committed by the members of the CAFR Council or by other elected members or who hold a position in the management structures of the CAFR, in connection with the attributions provided by this law; d) in any other situations provided

by law. (11) Based on the report provided for in para. (9), the president of ASPAAS issues an order of resolution of notifications, which are communicated to the parties.

(12) Members of the Disciplinary Commission receive a quarterly allowance for attending meetings. The allowance level is 25% of the ASPAAS president's allowance from the month of the last meeting of the quarter.

ART. 84

#### **Disciplinary procedure (1)**

ASPAAS can be notified in writing and motivated by any interested person, in relation to administrative violations committed by financial auditors and audit firms in Romania in the situations provided for in art. 83 para. (10). Also, ASPAAS can self-report such violations.

(2) The conduct of the disciplinary procedure, as well as any other aspects related to the resolution of the disciplinary case, are regulated by the Regulation of the Disciplinary Commission.

(3) ASPAAS requests information from CAFR or any other professional body to which the financial auditor or audit firm against which the complaint is made is a member, whenever necessary.

(4) In case of administrative violations committed by the persons listed in art. 83 para. (10) lit. c), the capacity of a member of the CAFR Council or of other elected members or who hold a position in the management structures of the CAFR must be held either at the time of committing the act, or at the time of reporting the misconduct. The loss of membership after the commission of the act or after reporting the misconduct does not change the competence to resolve the report.

(5) In case of acquiring the membership of the CAFR Council or other elected members or occupying a position in the management structures of the CAFR after reporting the misconduct, ASPAAS is competent to resolve the report. The loss of quality before the resolution of the referral by ASPAAS does not attract the change of competence established according to this paragraph.

(6) The disciplinary notification is resolved within one year from the date of registration notification, but no later than 3 years from the date of the administrative violation.

(7) The orders for resolving the disciplinary notices of the ASPAAS president can be appealed to the competent administrative court, without the need to file a prior complaint, within 30 days from the date of communication.

(8) The objection formulated according to para. (7) and communicated according to the provisions of art. 201 para. (1) from Law no. 134/2010 on the Civil Procedure Code, republished, with subsequent amendments, suspends the execution of the administrative sanction.

ART. 85

#### **ASPAAS financing (1)**

ASPAAS financing is ensured from own revenues and, in addition, subsidies from the state budget, through the budget of the Ministry of Public Finance.

(2) The own revenues of ASPAAS represent contributions of CAFR, in percentage of 30% of current and capital expenses of ASPAAS.

(3) Payment of the contribution provided for in para. (2) is made in two installments, based on the payment notice issued by ASPAAS. The CAFR contribution administration procedure and payment terms are established by order of the ASPAAS president.

(4) The payment notice provided for in para. (3) is subject to the provisions of the Code of fiscal procedure.

### **TITLE III**

#### **Amendment and completion of Government Emergency Ordinance no. 75/1999 regarding the financial audit activity**

ART. 86

Emergency Government Ordinance no. 75/1999 regarding financial audit activity, republished in the Official Gazette of Romania, Part I, no. 598 of August 22, 2003, with subsequent amendments and additions, is amended and supplemented as follows:

#### **1. Article 1 is amended and will have the following content:**

"ART. 1

This emergency ordinance regulates the financial audit and the independent exercise of the profession of financial auditor by persons who have acquired this quality under the conditions provided by law."



**2. Article 2 is amended and will have the following content:**

"ART. 2

The financial audit represents the activity carried out by financial auditors in order to express an opinion on the financial statements or some of their components, the exercise of other assurance missions and professional services, according to the regulations legal in the field."

**3. Article 3 is amended and will have the following content:**

"ART. 3

(1) The financial auditor is a natural person who acquires this capacity under the law.

(2) The audit firm is a legal entity authorized under the law.

(3) The financial audit is carried out by financial auditors or audit firms that are authorized/ authorized under the law and that are members of the Chamber of Financial Auditors in Romania, hereinafter referred to as the Chamber, and mainly consists of the following activities:

a) the statutory audit of the annual financial statements and of the consolidated annual financial statements, in

accordance with the law; b) the audit of the annual financial statements and of the consolidated annual financial statements, insofar as this does not constitute a statutory

audit, according to the law; c) revision missions of the annual financial statements, the consolidated financial statements, as well as the interim

financial statements; d) insurance missions and other missions and professional services, in accordance with international standards in the field and with other regulations adopted by the Chamber;

e) internal audit, other than the internal public audit.

(4) Financial auditors and audit firms may carry out other activities, such as: a) financial-accounting consultancy; b) financial-

accounting management; c) specialized

professional training in the field; d) accounting expertise,

evaluation, judicial reorganization and liquidation, as well as tax consultancy. Natural and legal persons who have the quality of financial auditor can perform the activities of accounting expertise, evaluation, judicial reorganization and liquidation, as well as tax consultancy, only after acquiring, under the law, the quality of expert accountant, evaluator, insolvency practitioner or consultant tax, as the case may be, and registration as members in the organizations that coordinate the respective liberal professions."

**4. Article 4 is amended and will have the following content:**

"ART. 4

Financial auditors and audit firms, in the independent exercise of the profession, must be free and perceived to be free from any constraint that could affect the principles of independence, objectivity and professional integrity."

**5. In Article 5, paragraphs (2) - (5) are amended and will have the following content:**

"(2) The Chamber is the competent authority that regulates and monitors the conduct of financial audit activities in Romania, other than the statutory audit.

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

a) regulating and monitoring the activities carried out by its members, provided for in art. 3 paragraph (3) lit. b) - e);  
b) the powers delegated by the Public Supervision Authority a The Statutory Audit Activity, hereinafter referred to as ASPAAS, under its supervision and control;

c) representing the interests of its members.

(4) The Chamber elaborates:

a) The regulation of the organization and functioning of the Chamber, which is approved by decision of the Conference of Chamber members, with the prior approval of ASPAAS; b) internal audit rules, other than those of internal public audit; c) the regulations necessary to carry out the activities provided for in paragraph (6); d) other regulations necessary to carry out the duties of the Chamber.

(5) The regulations provided for in para. (4) lit. b) - d) are approved by decisions of the Chamber Council."

**6. In article 5, after paragraph (5), two new paragraphs are inserted, paragraphs (6) and (7), with the following contents:**

"(6) The Chamber, in the exercise of its duties, carries out the following activities: a) organizes and monitors the continuous training program of its members, for the activities provided for in art. 3 paragraph (3) letters b) - e); b) controls the quality of the activity of its members, for the activities provided for in Article 3 paragraph (3) letters b) - e); c) submits proposals regarding the updating of the legislation through ASPAAS and the Ministry of Public Finance, as well as the rules of financial audit and internal audit, in accordance with the provisions of the law and the regulations of European and international professional institutions in the field;

d) can revoke or withdraw, upon request, the authorization of financial auditor or firm of audit, as the case may be, under the conditions of the law;

e) can apply the administrative sanctions provided for in art. 32<sup>1</sup> para. (4); f) may propose the administrative sanction of withdrawing the authorization of a financial auditor or audit firm, as the case may be, under the law; g) ensures the representation of the financial auditor profession from Romania at the international level; h) adopts the

Code of Ethics and the international standards of audit, review, other missions insurance and related services, for missions other than those of statutory audit;

i) issues, with the approval of ASPAAS, guides and guidelines in the field of statutory audit with regard to international auditing standards and in the application of the Code of Ethics adopted by ASPAAS; j) any other

activities necessary for the implementation of this emergency ordinance.

(7) The chamber also carries out activities delegated by ASPAAS that concern the auditors statutes, under the law."

**7. Article 6 is amended and will have the following content: "ART.**

**6 (1) The**

Chamber is headquartered in Bucharest, Sirenelor Street no. 67 - 69, sector 5.

(2) The Chamber can establish representative offices in the country and abroad, without legal personality.

(3) The governing bodies of the Chamber are: the Conference, the Council and the Bureau permanent member of the Chamber Council.

(4) The members and the president of the Chamber Council are elected within the Conference, from among the financial auditors, for a term of 3 years, being able to fulfill a maximum of two mandates.

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

(6) The election of the members and the president of the Chamber Council takes place in accordance with the election procedure approved by the Chamber Council, with the prior approval of ASPAAS. (7) Within the Conference, the

president of the Chamber Council is elected separately from election of Chamber Council members.

(8) The members of the Council elect, from among them, for the same period, the members of the permanent Bureau, with the exception of the person provided for in paragraph (7).

(9) The Conference is made up of members of the Chamber who have the capacity of financial auditors and have fulfilled their obligations to the Chamber, in the year preceding the holding of the Conference, at the deadlines established by the Chamber's regulations.

(10) The members of the Council of the Chamber, the members of its disciplinary structures, as well as the employees of the Chamber have the obligation to strictly respect the legal regime of the conflict of interests."

**8. Article 8 is amended and will have the following content: "ART. 8 (1)**

The

Chamber has as members financial auditors who, from the point of view of the right to practice the profession, can be active or inactive and audit firms, according to the law .

(2) The financial auditor or auditors who sign the audit report or other reports provided by the international auditing standards, in their own name or in the name of a legal entity, must have the status of an active financial auditor.

(3) The following cannot be active financial auditors in an economic entity or, if they were appointed by the general meeting of the respective economic entity, lose this capacity: a) relatives or relatives up to the fourth

degree inclusive or the spouses of administrators; b) persons who receive, in any form, for functions other than that of an active financial auditor, a salary or remuneration from administrators or from the audited economic entity; c) persons who are prohibited from occupying the position of administrator; d) persons who, during the exercise of

the profession of financial auditor, have financial control attributions within the Ministry of Public Finance or other public institutions, with the exception of the situations expressly provided by law.

(4) The financial auditors who coordinate the internal audit activity according to art. 23 must have the status of an active financial auditor."

**9. Articles 10 - 13 are repealed.**

**10. Article 13<sup>1</sup> is amended and will have the following content: "ART. 13<sup>1</sup>**

(1) Financial auditors must follow appropriate continuous professional training programs, in order to maintain their theoretical knowledge and professional skills at a high level.

(2) Failure to comply with the requirements regarding professional training continues sanction according to the regulations issued in this regard, according to the law."

**11. Article 13<sup>2</sup> is amended and will have the following content:**

"ART. 13<sup>2</sup>

The Chamber is the competent authority for carrying out revisions in order to ensure the quality of the services provided for in art. 3 paragraph (3) letters b) - e) , provided by financial auditors and audit firms."

**12. Article 20 is amended and will have the following content:**

"ART. 20

(1) The entities whose annual financial statements are subject, according to the law, to the statutory audit are obliged to organize and ensure the exercise of the internal audit activity, according to the law.

(2) The internal audit standards applicable to the entities referred to in para. (1) are the international internal audit standards issued by the Institute of Internal Auditors in the United States of America and adopted by the Chamber.

(3) At autonomous governments, national companies/companies, as well as at other economic entities with majority state capital, the internal audit activity is organized and operates according to the legal framework regarding the internal public audit of public entities."

**13. Articles 21 and 22 are repealed.**

**14. Articles 24 - 26 are repealed.**

**15. Article 29 is amended and will have the following content:**

"ART. 29

For the entities that opt for the audit of the financial statements, the audit is carried out according to this emergency ordinance, to the extent that it does not constitute a statutory audit, according to the law."

**16. Article 30 is amended and will have the following content:**

"ART. 30

The Ministry of Public Finance develops and promotes for adoption draft normative acts that regulate the organization and functioning of the Chamber, with its consultation and ASPAAS."

**17. Chapter VIII is repealed.**

**18. Article 32 is amended and will have the following content:**

"ART. 32

(1) Violation of the provisions of this emergency ordinance, as well as of the regulations issued by the Chamber, attracts, as the case may be, administrative, disciplinary, civil or criminal liability.

(2) Disciplinary offenses committed by financial auditors and audit firms for which disciplinary sanctions are applied by the Disciplinary Commission of the Chamber are established by the Regulation on the organization and operation of the Chamber.

(3) The procedure for ascertaining disciplinary violations and applying disciplinary sanctions, as well as the manner of carrying out the disciplinary procedure, are contained in the Regulation of the Disciplinary Commission of the Chamber."

**19. Article 32<sup>1</sup> is amended and will have the following content: "ART.**

**32<sup>1</sup>**

(1) The Disciplinary Commission is established and operates within the Chamber.

(2) The Disciplinary Commission of the Chamber is competent with the resolution of disciplinary complaints regarding disciplinary violations committed by financial auditors and audit firms, if their facts are related to the performance of the activities provided for in art. 3 paragraph (3) lit. b) - e) and para. (4) lit. a) - c).

(3) The organization and functioning of the Disciplinary Commission of the Chamber are provided for by the Regulation of the Disciplinary Commission, elaborated by the Chamber.

(4) The disciplinary commission within the Chamber applies to financial auditors and audit firms the following disciplinary sanctions:

a) public warning in which the responsible person and nature are identified of the violation, published on the Chamber's own website;

b) disciplinary penalty between 2 and 6 gross minimum wages per economy, for financial auditors;

c) disciplinary penalty between 0.5% and 2.5% of the annual turnover related to the statutory audit activity, for audit firms; d) suspension of the activity between one

and 3 years, according to which the financial auditor or the audit firm is prohibited from performing one or more of the activities provided for in art. 3 paragraph (3) lit. b) - e) and para. (4) lit. a) - c).

(5) The disciplinary committee within the Chamber submits the proposal to withdraw the authorization of a financial auditor or an audit firm, for serious misconduct, to ASPAAS, for competent resolution, according to the law.

(6) The disciplinary procedure is suspended in the situation where criminal proceedings have been ordered against the financial auditor under disciplinary investigation for the same act.

(7) The person under disciplinary investigation is obliged to inform the Chamber the fact that criminal proceedings were ordered against him.

(8) The decisions of the Disciplinary Commission of the Chamber of Financial Auditors in Romania can be appealed to the Administrative and Fiscal Litigation Section of the Bucharest Court of Appeal, within 30 days from the date of communication, without a prior procedure.

(9) The objection formulated according to para. (8) and communicated according to the provisions of art. 201 para. (1) from Law no. 134/2010 on the Code of Civil Procedure, republished, with subsequent amendments, suspends the execution of the decision of the Disciplinary Commission of the Chamber."

**20. After article 32<sup>1</sup>, a new chapter is introduced, chapter IX<sup>1</sup>, "Revenues of the Chamber", including articles 32<sup>2</sup> and 32<sup>3</sup>, with the following contents:**

"CHAPTER IX<sup>1</sup>

**Chamber revenues**

#### ART. 32<sup>2</sup>

The Chamber secures the necessary income for the organization and operation expenses from the following sources:

- a) fixed and variable annual contributions from its members;
- b) contributions from trainee financial auditors; c) taxes in order to carry out the activity in accordance with the legal provisions; d) proceeds from the sale of own publications; e) pecuniary sanctions applied according to art. 32<sup>1</sup> para. (4) lit. b) and c);
- f) donations, sponsorships and other income, according to the legal provisions in force.

#### ART. 32<sup>3</sup>

(1) The amount of contributions, taxes and other revenues of the Chamber, as well as the method of collection, is approved by the Council of the Chamber.

(2) The members of the Chamber owe it fixed and variable annual contributions.

(3) The variable contributions are established as a percentage applied to the realized turnover from the activities provided by this emergency ordinance."

#### TITLE IV

#### **Amendment and completion of Government Ordinance no. 65/1994 regarding organization of accounting expertise and authorized accountants**

#### ART. 87

Government Ordinance no. 65/1994 regarding the organization of accounting expertise and authorized accountants, republished in the Official Gazette of Romania, Part I, no. 13 of January 8, 2008, with subsequent amendments and additions, is amended and supplemented as follows:

#### **1. Article 3, paragraph (1) is amended and will have the following content: "ART. 3 (1)**

Access to the profession of chartered accountant and chartered accountant is based on an entrance exam, in which the at least average 7 and minimum grade 6 in each discipline, performing an internship from one to 3 years and passing an aptitude exam at the end of the internship, according to the regulations of the Body of Chartered Accountants and Chartered Accountants from Romania."

#### **2. Article 6 is amended and will have the following content: "ART. 6**

The accounting expert can perform, as an individual professional or as a company, for natural and legal persons, the following works: a) organize,

manage, keep, verify and supervise accounting, prepares and signs the financial statements and performs fiscal works, namely the calculation of taxes, fees and contributions, the preparation and submission of fiscal declarations and ensuring the client's representation in the relationship with the fiscal authorities, as part of a service contract in the field of accounting.

Accounting means the recording of economic-financial operations in compliance with the accounting law and the applicable accounting regulations, as well as the restoration or revision of accounting. The outcome

verification or revision works may consist of the certification signature granted by the accounting expert. Fiscal works mean the calculation of taxes, fees and contributions, the preparation and submission of fiscal declarations and ensuring the client's representation in the relationship with the fiscal authorities;

b) provides specialized assistance regarding the organization and keeping of accounting; c) perform economic-financial analyzes and evaluations for financial-accounting purposes, other than those defined by Government Ordinance no. 24/2011 regarding some measures in the field of property valuation, approved with amendments by Law no. 99/2013, with subsequent amendments and additions, and which do not materialize in an evaluation report drawn up according to the evaluation standards adopted by the National Association of Authorized Appraisers from Romania (ANEVAR). Such assessments may refer to estimates of cash flows and the entity's financial condition, assessment of income and expenses, estimation of the level of provisions and value adjustments, as well as other assessments performed by accounting experts in their current activity, without limit to these; d) perform

financial-accounting expertise, including financial-accounting expertise with a fiscal component, ordered by judicial bodies or requested by natural or legal persons under the conditions provided by law and CECCAR regulations;

e) performs other financial-accounting works, including electronic staff records, payroll, administrative and IT organization activities, certification of information, data and documents; f) fulfills, according to the legal

provisions, the attributions provided in the mandate of censor and financial trustee; g) provides the specialized assistance

necessary for the establishment and reorganization of companies; h) ensures financial-accounting

management and economic performance; i) ensures internal management control and risk management of legal entities; j) provides consultancy in financial

management and accounting, provides services specific to managerial accounting and integrated reporting; k) performs professional services for individuals and legal entities that

presuppose knowledge regarding the activities provided for in this article."

**3. Article 7 is amended and will have the following content:**

"ART. 7

Natural and legal persons who have the capacity of accountant may perform other activities apart from those provided for in art. 6, which are specific to the activities of financial audit, tax consultancy and evaluation, only after acquiring, in accordance with the law, the quality of financial auditor, fiscal consultant or authorized evaluator, as the case may be, and registration as members in the organizations that coordinate the respective liberal professions."

**4. Article 8 is amended and will have the following content:**

"ART. 8

Accounting experts can exercise their profession individually or can be constituted in accounting and/or accounting expertise companies, according to the law."

**5. Article 9 is amended and will have the following content:**

"ART. 9

(1) Commercial accounting expertise companies must fulfill the following conditions:

a) to have as its main object of activity the exercise of the profession of accounting expert, and the secondary activities are in accordance with the provisions of this ordinance and the regulations of the Body of Accounting Experts and Chartered Accountants from Romania; b) the majority of

the shares or shares must be owned by accounting experts; c) the company's management structure, according to the Companies Law no. 31/1990, republished, with subsequent amendments and additions, to be elected by a majority of shareholders or accounting expert associations; d) the shares must be registered and

any new associate or shareholder must be admitted by General Assembly;

e) the way of distributing the benefits and bearing the losses should be done appropriately of shares or shares owned by shareholders or associates.

(2) In order to register the company at the trade register office, the management structure of the company requests the principle opinion of the Body of Accounting Experts and Chartered Accountants from Romania.

(3) The provisions of para. (2) also applies to any modification of the conditions from para. (1).

(4) The notice of principle provided for in para. (2) and (3) certify that the associates/ administrators and management staff meet the conditions stipulated by law and grant them the right to establish the company, to make changes in the constitutive act and to register these operations at the trade registry office.

(5) The deletion or suspension of the right to exercise the profession is ordered by the Body of Certified Accountants and Chartered Accountants from Romania and is communicated, within 30 days, by the company's management structure to the trade registry office in which it is registered the member company of the Body of Accounting Experts and Authorized Accountants from Romania."

**6. In article 10, after letter b), a new letter, letter c), with the following content:**

"c) carry out electronic staff records and payroll activities."

**7. Article 11 is amended and will have the following content:**

"ART. 11

(1) Authorized accountants can practice their profession individually or they can set up in accounting companies, established according to the law.

(2) The provisions of art. 9 also applies in the case of accounting companies, in accordance with the quality and activity of a licensed accountant."

**8. Article 12 is amended and will have the following content:**

"ART. 12

(1) Accounting experts and authorized accountants are prohibited from carrying out work for economic operators or for the institutions where they are employees and for those with whom their employers have relations contractual or are in competition.



(2) Accounting experts and authorized accountants cannot perform for third parties the works provided for in art. 6 and 10, in the situation where there are elements that attest to the state of incompatibility.

(3) The censor activity can be carried out, according to the law, by accounting experts, people with higher economic studies with a diploma recognized by the Ministry of National Education and experience in the financial-accounting activity of at least 5 years, as well as by the member companies of to the Body of Chartered Accountants and Chartered Accountants from Romania, in which they are shareholders/associates and administrators.

(4) The deletion or suspension of the right to practice the profession individually is ordered by the Body of Chartered Accountants and Chartered Accountants from Romania and is communicated, within 30 days, by the chartered accountant/accountant to the fiscal body where he is registered.

(5) Accounting experts, for judicial expertise, can agree with the clients on a fee basis considering the table of reference fees adopted by the National Conference."

**9. Article 13 is amended and will have the following content:**

"ART. 13

Accounting experts and authorized accountants guarantee civil liability regarding the activity carried out, by signing an insurance policy."

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

"(2) The Body of Accounting Experts and Certified Accountants from Romania is a professional organization without patrimonial purpose.

(3) The Body of Chartered Accountants and Chartered Accountants from Romania is the only competent authority that organizes and monitors the activity of chartered accountants and chartered accountants, as well as accounting and accounting expertise companies, respectively accounting companies."

**11. In Article 20, letter c) is amended and will have the following content: "c)**

ensures the smooth running of the activity of accounting experts, accountants authorized and of accounting and/or accounting expertise companies;"

**12. Article 26, paragraph (1) is amended and will have the following content: "ART. 26 (1)**

Foreign natural or legal persons who do not have their domicile or, as the case may be, their head office in Romania may exercise the activity of expert accountant or certified accountant, according to the provisions of this ordinance, if in their countries they have this quality, respectively legally exercise these activities and if they have supported, according to the rules developed in this sense by the Corps of Chartered Accountants and Chartered Accountants from Romania, the interview aimed at knowledge of the national legislation in the field of organization and operation of companies, as well as fiscal and accounting."

**13. Article 30, paragraph (1<sup>1</sup>) is repealed.**

**14. Article 30, paragraph (4) is amended and will have the following content: "(4)** If the required number is not met at the first convocation, the National Conference is convened again. At the second convocation, it is legally constituted regardless of the number to the members present."

**15. Article 31, letter b) is amended and will have the following content:**

"b) approves the Regulation on the organization and operation of the Body of Accounting Experts and Authorized Accountants from Romania, as well as the amendments and additions proposed to it. The organization and operation regulation, thus approved, is submitted for approval to the Ministry of Justice and the Ministry of Public Finance;"

**16. In article 31, after letter i), two new letters are inserted, letters i<sup>1</sup>) and i<sup>2</sup>), with the following content:** " i<sup>1</sup>) decides on the

disciplinary sanctions of the members of the Superior Council, upon the proposal of the Superior Disciplinary Commission ; i<sup>2</sup>) decides on the disciplinary

sanctions of the members and the president of the Higher Disciplinary Commission, upon the proposal of the Higher Council;"

**17. Article 32 is amended and will have the following content:** "ART. 32

(1) The

superior council represents the profession before the public authorities through its president, according to the statute of the Corps of Chartered Accountants and Chartered Accountants from Romania, and coordinates the activity of the county branches.

(2) The superior council has the following attributions: a)

elects 5 vice-presidents of the superior council from among its members; b) ensures the elaboration and completion of the Regulation on the organization and functioning of the Body of Accounting Experts and Authorized Accountants from Romania, requesting the opinions of the Ministry of Justice and the Ministry of Public Finance; c) ensures the elaboration and completion of the National Code of Ethics for professionals accountants based on the IFAC Code of Ethics;

d) deliberates on all issues regarding the profession of expert accountant and chartered accountant;

e) fulfills other duties stipulated by the law, by the Regulation on the organization and operation of the Body of Accounting Experts and Authorized Accountants from Romania and by the decisions of the National Conference.

(3) The permanent office of the Superior Council appoints and revokes the general executive director, his activity being carried out on the basis of a mandate contract; fulfills the attributions provided for in paragraph (2) lit. e), including the decisions of the Superior Council.

(4) The President of the Superior Council is elected by the National Conference between members of the Body of Accounting Experts and Authorized Accountants from Romania.

(5) The President of the Superior Council is an active member of the Body of Accounting Experts and Chartered Accountants from Romania and has a good professional and moral reputation. He can combine this function only with activities in the field of research or in specialized university education.

(6) The President of the Superior Council is elected by secret ballot for a 4-year term. The President of the Superior Council can accumulate a maximum of two consecutive mandates. The president, after the termination of the mandate, in compliance with the provisions of this paragraph, may be re-elected after at least a period equal to that of a mandate, under the conditions established by the Organization and Operation Regulation.

(7) The titular members and alternate members are elected by secret ballot, for a 4-year term. Members whose mandate ends can be re-elected after at least

a period equal to that of a mandate, under the conditions established by the Organization and Operation Regulation.

(8) The provisions of para. (5) - (7) relating to elections are also applicable to subsidiaries of the Body of Accounting Experts and Authorized Accountants from Romania.

(9) The President of the Superior Council represents the Body of Accounting Experts and Authorized Accountants from Romania in front of public authorities, as well as in relations with natural and legal persons from the country and abroad."

**18. Article 33, paragraph (4) is repealed.**

**19. Article 33, paragraph (5) is amended and will have the following content:** "(5) The higher disciplinary committee has the following powers: a) analyzes complaints

regarding deviations from the ethical and professional conduct of the members of the Higher Council, making, if necessary, proposal for sanctions to the National Conference, which decides; b) solves complaints regarding deviations from the ethical

and professional conduct of the presidents and members of the branch councils, of the presidents and members of the disciplinary commissions attached to the branch councils, as well as of the persons foreign individuals who have been recognized as having the right to exercise the profession of chartered accountant or chartered accountant in Romania and apply, as the case may be, the sanctions provided for in Article 17 paragraph (1);

c) resolves appeals against disciplinary decisions pronounced by the disciplinary commissions of the branches;

d) apply the sanction of the prohibition of the right to exercise the profession of accountant or certified accountant to members of the Corps of Certified Accountants and Chartered Accountants from Romania who have committed serious violations, provided for by the regulation."

**20. Article 33, paragraph (6) is repealed.**

**21. In article 34, paragraph (3) is amended and will have the following content:** "(3) If the required number is not met at the first convocation, the general meeting is convened again. At the second convocation, it is legally constituted regardless of the number to the members present."

**22. Article 37 is amended and will have the following content:** "ART.

37 (1) The

Body of Expert Accountants and Certified Accountants from Romania and its subsidiaries cover their expenses from revenues, which consist of: a) the registration fee for

the expert exam accountant, respectively certified accountant; b) registration fee in the records of the Body of Accounting Experts and Chartered Accountants from Romania; c) membership fees, fixed and variable; d)

proceeds from the sale of own publications; e)

donations, sponsorships; f) other income from the

activity of the Body of

Chartered Accountants and Chartered Accountants from Romania and its subsidiaries, established by the Organization and Operation Regulation.

(2) Registration fees and membership fees are established annually by The National Conference of Chartered Accountants and Chartered Accountants."

**23. Articles 38 and 40 are repealed.**

**24. Article 44 is amended and will have the following content:**

"ART. 44

(1) Decisions and decisions of general interest adopted by the Superior Council, the Permanent Bureau and the National Conference are published in the Official Gazette of Romania, Part I, within 30 days from adoption.

(2) Non-publication of judgments and decisions under the conditions provided for in para. (1) makes that they are not opposable to the members of the Corps of Accounting Experts and Authorized Accountants from Romania or other natural and legal persons.

(3) The Regulation on organization and operation establishes which they are judgments and decisions of general interest."

**25. After article 44<sup>1</sup>, three new articles are introduced, art. 44<sup>2</sup> - 44<sup>4</sup>, with following content:**

"ART. 44<sup>2</sup>

The Body of Chartered Accountants and Chartered Accountants from Romania develops proposals for amending and supplementing the normative acts that regulate the activity of chartered accountants and chartered accountants and submits them to the Ministry of Public Finance, for analysis and promotion.

ART. 44<sup>3</sup>

The Body of Accounting Experts and Certified Accountants from Romania, the Ministry of Public Finances and/or the National Agency for Fiscal Administration can, based on a protocol, exchange information necessary for the application of Accounting Law no. 82/1991, republished, with subsequent amendments and additions, and of this ordinance.

ART. 44<sup>4</sup>

The Corps of Accounting Experts and Authorized Accountants from Romania and the National Office of the Trade Register ensure free of charge the exchange of information necessary for the application of this ordinance."

**TITLE V**

**Transitional and final provisions**

ART. 88

(1) This law enters into force 3 days after the date of publication in the Official Gazette of Romania, Part I, except for the provisions of art. 44, which enters into force 30 days after the date of publication in the Official Gazette of Romania, Part I.

(2) On the date of entry into force of this law, Government Emergency Ordinance no. 90/2008 regarding the statutory audit of the annual financial statements and the consolidated annual financial statements and the supervision in the public interest of the accounting profession, published in the Official Gazette of Romania, Part I, no. 481 of June 30, 2008, approved with amendments by Law no. 278/2008, with subsequent amendments and additions.

(3) Government Emergency Ordinance no. 75/1999 regarding financial audit activity, republished in the Official Gazette of Romania, Part I, no. 598 of August 22, 2003, with subsequent amendments and additions, as well as those brought by

this law will be republished in the Official Gazette of Romania, Part I, giving the texts a new numbering.

(4) The regulation on the organization and functioning of the Chamber of Financial Auditors in Romania shall be adopted within one year from the entry into force of this law.

(5) Government Decision no. 433/2011 for the approval of the Regulation on the organization and operation of the Chamber of Financial Auditors in Romania, published in the Official Gazette of Romania, Part I, no. 345 of May 18, 2011, is repealed on the date of entry into force of the regulation on the organization and operation of CAFR, under the conditions provided for in para. (4). Until the approval of a new regulation for the organization and operation of the Chamber of Financial Auditors in Romania, the Chamber of Financial Auditors in Romania operates based on the regulation in force.

#### ART. 89

(1) The mandate of the members of the Superior Council, of the Technical Commission, of the Disciplinary Commission of the Council for Public Interest Supervision of the Accounting Profession, ends on the date of entry into force of this law.

(2) ASPAAS substitutes itself in all rights and obligations arising from all normative acts, contracts, conventions, agreements, protocols, memoranda, agreements and the like, as well as in all disputes of the supervisory body established according to art. 53 of the Government Emergency Ordinance no. 90/2008, approved with amendments by Law no. 278/2008, with subsequent amendments and additions, to which it is a party.

#### ART. 90

(1) Until the regulations issued in application of this law enter into force, the rules issued by the Council for Public Interest Supervision of the Accounting Profession and CAFR remain valid. (2) Within 12 months from the entry into force of

this law, the protocols or agreements concluded by CAFR with other entities and which concern areas in which ASPAAS is the competent authority, according to this law, shall be updated.

(3) Protocols or agreements are updated either by inclusion ASPAAS as part of them, either by entering into new agreements, as the case may be.

#### ART. 91

In direct application of the provisions of Regulation (EU) no. 537/2014, any reference to the statutory audit or the statutory auditor is considered to be a reference to the statutory audit or the financial auditor.

#### ART. 92

Natural persons who, until the date of entry into force of this law, have acquired the quality of financial auditor, respectively approved/authorized audit firms, under the terms of the law, may carry out the activities provided for by this law, including statutory audit.

#### ART. 93

The provisions of art. 62 para. (2) and of art. 63 para. (2) applies to contracts concluded after the entry into force of this law.

#### ART. 94

Notifications registered with the Council for Public Interest Supervision of the Accounting Profession in application of the provisions of art. 81<sup>1</sup> para. (5) from Government Emergency Ordinance no. 90/2008, approved with amendments by Law no. 278/2008, with subsequent amendments and additions, unresolved at the time of entry into force of this law, shall be resolved by ASPAAS.

ART. 95

(1) On the date of entry into force of this law, the attributions that can be delegated by ASPAAS to CAFR according to the provisions of art. 52 are delegated by law, under the supervision and control of ASPAAS, for a period of one year. (2) In order to exercise the delegated powers according to para. (1), CAFR will apply the existing regulations at the time of entry into force of this law until the moment when ASPAAS will develop its own specific regulations for the delegated activities.

(3) Upon expiry of the term provided for in para. (1), the delegation of powers ceases by law and the provisions of art. 52.

\*

This law transposes the provisions of Directive 2014/56/EU of the European Parliament and of the Council of April 16, 2014 amending Directive 2006/43/EC on the legal audit of annual financial statements and consolidated financial statements, published in the Official Journal of the European Union series L, no. 158 of May 27, 2014.

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

p. THE PRESIDENT OF THE CHAMBER OF DEPUTIES,  
**PETRU-GABRIEL VLASE**

THE PRESIDENT OF THE SENATE  
**CŢILIN-CONSTANTIN-ANTON POPESCU-TŢRICEANU**

Bucharest, July 6, 2017.  
No. 162.

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