



Eligibility requirements and incompatibilities for SIF Banat-Crișana administrators (members of the Board of Directors)

LEGAL BASIS	REQUIREMENTS
Art. 3 par. (1) section (a) of ASF Regulation no. 1/2019 Art. 2 par. (2) section (x) of ASF Regulation no. 1/2019	The regulated entities will subject to the ASF Approval, before beginning the executions of their attributions: a) the members of management structures of the regulated entities. Management structure means the members or the council and of the executive management/top management.
Art. 5 par. (1) of ASF Regulation no. 1/2019	For the purpose of ensuring a prudent and correct management of the regulated entities, the assessed individuals fulfil and maintain, throughout the performance of the activity, the requirements included in the present regulation, regarding: a) the knowledge, skills and professional experience*; b) reputation, honesty and integrity**; c) governance***.
Art. 6 par. (4) of ASF Regulation no. 1/2019	The regulated entities will ensure that the assessed persons do not present any potential risk, which could determine the vulnerability of the entity and, for this purpose, it specifically investigates if the respective persons: a) have a good reputation; b) have sufficient knowledge, skills and experience in order to fulfil the attributions specific for the function; c) are capable of acting with honesty, integrity and have an independent thinking in order to assess and challenge, having adequate arguments, the decisions of the executive management/top management, as well as any other decisions when necessary and for the purpose of supervising and monitoring the decision making process; d) are able to allocate enough time, if they hold several functions, for fulfilling the attributions corresponding to the functions held within the regulated entity and, as applicable, in compliance with the specific applicable legislation, while observing the maximum number of management positions that can be hold simultaneously;
Art. 10 par. (1) and (2) of ASF Regulation no. 1/2019	For the purpose of ensuring a prudent, correct and efficient management of the regulated entities, the assessed persons: a) have graduated with a Bachelor's degree, a higher education institution in the fields financial-banking, economic, legal, accounting, audit, public management, financial regulations, information technology, quantitative methods, without the list being exhaustive, or have relevant master / postgraduate in these areas; b) have theoretical knowledge, skills and relevant practical and professional experience, complying to the nature, size and complexity of the activities carried out by the regulated entity and of the allocated responsibilities. (2) For assessing practical and professional experience, the experience gained from previous jobs will be considered.
Art. 10 par. (3) of ASF Regulation no. 1/2019	The management structure members will fulfil the general conditions provided by Law no. 31/1990, republished, with subsequent amendments, and will prove that: a) they understand the current activity of the Company and the related risks, at a level compliant to the allocated responsibilities; b) they have an adequate level of knowledge, also in relation to the areas for which he/she holds no direct, individual responsibility, but for which he is liable together with the other members of the management structure; c) they have a clear understanding of the requirements and governance principles, as well as of the Company's business plan/model, of the role and responsibilities granted and, as applicable, of the group's structure and possible conflicts of interest; d) they have the capacity of contributing to the implementation of a culture and of

	adequate values and behaviours within the management structure and the structure of the regulated entities;
Art. 11 par. (5) of ASF Regulation no. 1/2019	(...) board members need to have a relevant experience of at least 3 years in performing their duties, unless the law provides otherwise.
Art. 11 par. (6) of ASF Regulation no. 1/2019	Individuals appointed to ensure executive management/top management have an individual experience in management positions of at least 3 years, as well as a practical and professional experience in the financial - banking field or relevant specialized fields, in compliance with the nature of the activity carried out by the entities, of at least 5 years, unless the law provides otherwise.
Art. 11 par. (7) of ASF Regulation no. 1/2019	As an exception from the provisions of paragraph (6), and depending on the nature and complexity of the targeted entity, the experience with management functions of the appointed persons can be of less than 3 years, but it cannot be of less than 1 year.
Art. 8 par. (2) letter b of ASF Regulation no. 10/2015	not to be members of the board of directors/supervisory board or managers/members of the executive board of another AIFM/investment management company/investment company or credit institution acting as depositary for any of the undertakings for collective investment under management, not to be members of the board of directors/supervisory board of the SSIF with which the AIFM/SAI concluded a financial intermediation contract and not to be employed or have any kind of contractual relationship with another SAI or investment company, except for other entities belonging to the same group;
Art. 73 ¹ of Law no. 31/1990 in conjunction with Art. 6 par. 2 of Law no. 31/1990	May not be founders people who, by law, are incapacitated or who have been convicted for fraudulent management, breach of trust, forgery, use of forgery, fraud, embezzlement, perjury, giving or taking bribe, for wrongdoings provided by Law no. 656/2002 on preventing and sanctioning money laundering, and the establishment of measures to prevent and combat terrorism financing, as amended and supplemented, for wrongdoings provided by Art. 143-145 of Law. 85/2006 on insolvency proceedings or those of present Law, as amended and supplemented.
Art. 73 ¹ of Law no. 31/1990	The persons who, pursuant to Art. 6 par. (2) may not be founders may not be administrators, managers, members of the supervisory board and the directorate, auditors, and financial auditors, and if elected, are to be disqualified.
Art. 153 ¹⁶ of Law no. 31/1990	A natural person may simultaneously exercise maximum 5 offices of administrator and/or member of the supervisory board in joint-stock companies with a head office on the Romanian territory. This provision shall apply to the same extent to the natural person administrator or member in the supervisory board, as it applies to the natural person who is a permanent representative of a legal person that is an administrator or member of the supervisory board.
Art.14 par. (1) of SIF Banat-Crișana's Articles of Association	The persons elected in the Board of Directors shall meet the requirements laid down in Law 31/1990 republished and the capital market legislation and not to be members of the board of directors / supervisory board or managers / members of the executive board of another AIFM/investment management company/investment company or credit institution acting as depositary for SIF Banat-Crișana, not to be members of the board of directors/supervisory board of the SSIF with which SIF Banat-Crișana concluded a financial intermediation contract and not to be employed or have any kind of contractual relationship with another SAI or investment company, except for other entities belonging to the same group.

*** Art. 11 of Regulation no. 1/2019 - Criteria related to the knowledge, skills and experience adequacy assessment**

(1) In order to assess the knowledge, skills and professional experience corresponding to the function that is to be performed by the assessed person, the following aspects are considered:

- a) the role and attributions of the targeted job and the capacity necessary for performing them;
- b) the knowledge and skills obtained based on studies, practice and professional training;
- c) the practical and professional experience gained from the previously-held functions;
- d) knowledge and competences gained and proved through professional conduct as member of a management structure or in performing other functions, as applicable.

(2) The assessment of knowledge, sills and experience of a management structure member, considering, while applying the principle of proportionality, the theoretical knowledge and the practical and professional experience related to:

- a) financial markets;

- b) the regulatory framework corresponding to the field of activity of the regulated entity;
- c) strategic planning and understanding the business strategy of an entity or the business plan/business model, as well as its implementation;
- d) risk management (identifying, assessing, monitoring, controlling and minimizing the main types of risks of the regulated entity);
- e) applying accounting or financial audit principles;
- f) assessing the efficiency of the policies and procedures of an entity, ensuring an efficient governing of surveillance and control systems;
- g) interpreting the financial situations of entities, identifying the main problems resulting from the analyse of these situations, establishing the internal control mechanisms and adopting the appropriate measures.

(...)
(8) When assessing the practical and professional experience gained through previously held positions, special attention will be granted to the following aspects:

- a) the nature of the management position held and its hierarchical level;
- b) the period for which the position was held;
- c) the activity's nature and complexity, including information regarding the organizational structure of the entity within which he/she previously operated;
- d) the area of competence, decisional competences and responsibilities of the individual;
- e) technical knowledge acquired in previous functions;
- f) number of subordinated persons.

**** Art. 13 of Regulation no. 1/2019 - Criteria for reputation, honesty, and integrity assessment**

(1) Without prejudice to any of the fundamental rights, the reputation, honesty and integrity of the assessed person, mentioned at art.12, are questioned when there are any relevant records regarding the existence of any of the following situation, without the list being exhaustive:

- a) conviction or prosecution in personam in cases related to:
 - (i) crimes provided by the financial and banking legislation, crimes provided by the legislation on money laundering and the funding of terrorism or corruption-related crimes;
 - (ii) crimes against the patrimony or other crimes specific for the economic/financial field;
 - (iii) crimes provided by the fiscal legislation;
 - (iv) other crimes provided by the legislation on companies, bankruptcy, insolvency, as well as consumer protection;
- b) previous or ongoing measures and sanctions, taken by any regulating authority or professional organism for the failure of observing any relevant provisions regulating the activities in the financial and banking field;
- c) aspects related to professional performance, as well as to the financial solidity of the member of the management structure, considering the following:
 - (i) the presence of recordings in the tax crime record;
 - (ii) the financial results of the entities owned or managed by the member or in which the assessed member has had or has a significant share or influence; special attention will be granted to financial recovery procedures, bankruptcy, liquidation procedures and if and how the respective member has contributed to the situation leading to these procedures;
 - (iii) declaration of personal bankruptcy;
- d) the assessed person was involved in any of the following situations:
 - (i) has failed to prove transparency, openness and cooperation in relation with regulating authorities;
 - (ii) has been a member in the management structure of an entity subjected to the rejection of an approval, due to reasons related to the assessed person, or a sanctioning decision taken by a regulated authority or whose registration or authorization was withdrawn by a regulating authority;
 - (iii) was refused, withdrawn or interdicted the right to perform activities that require the registration or authorization by a regulating authority;
 - (iv) has been a member in the management structure of an entity that has entered in insolvency or involuntary liquidation, in the period during which the person had a contractual relationship with the respective entity or within one year after their termination;
 - (v) was fined, suspended or sanctioned for fraud, embezzlement or in relation to the supply of financial services or data;
 - (vi) was revoked or fired due to attributable reasons, according to the applicable legislation, from the function of manager or from any other management or relevant position;
 - (vii) there is proof according to which the activity performed by the respective person has not been compliant to the rules of conduct.

(2) When applying paragraph (1), for the assessment of a good reputation, honesty and integrity, the following will be considered:

- a) relevant criminal actions, considering the type of conviction and the crime he/she is accused of, the role of the assessed individual, the punishment applied, mitigating or aggravating circumstances, the status of the criminal proceedings, the time period that has passed since the offense, the behaviour of the assessed person since the moment of the offense or the application of the penal sanction, the relevance of the offense or of the criminal sanction, the role of the assessed person in the performance of the deed and the intervention of rehabilitation cases;
- b) the circumstances in which the offenses occurred, the sanction or administrative measure applied, the gravity of the act for which they were applied, the time interval passing since the date on which they were applied, as well as the attitude of the person after the application of sanctions or measures;
- c) own analyses or assessments and those performed by the regulated entity regarding one of the situations provided at letters a) and b);
- d) other aspects and circumstances with relevance in relation to the performance of the activity for which the authorization is requested.

(3) Ongoing investigations are considered when they arise from legal or administrative procedures or from any other similar investigations performed by competent authorities or entities, without affecting the fundamental individual rights; the assessed person presents the respective information within his/her affidavit provided in annex no. 1.

(4) Based on the information regarding the ongoing investigations, the regulated entity analyses and substantiates, in case that it decides to sent the approval request to the ASF the decision to maintain the trust in the assessed person in terms of the reputation risk threatening the regulated entity.

(5) Should the regulated entity's request related to the assessed person finding itself in the situation mentioned in paragraph (4) be approved, upon the completion of the research, depending on its result, the regulated entity reassesses the respective person and notifies the ASF accordingly.

(6) The assessment performed by the ASF on the reputation, honesty and integrity of a person is performed based on the information supplied by the Company, considering the fact that for the exactitude, completeness and accuracy of this information direct liability is borne by the entity or by the assessed person, as applicable.

*** Governance skills – Section 6 of Regulation no. 1/2019

Article 14

(1) The assessment of the observance of the governance requirement provided at art.5 paragraph (1) letter c) related to:

- a) the existence of a possible conflict of interests, as defined in art. 2 paragraph (2), letter e);
- b) Restrictions and incompatibilities between the assessed position and the positions held within the same regulated entities or other entities, according to the specific legislation;
- c) the capacity of actually fulfilling the activity and allocating the adequate amount of time for its performance;
- d) the capacity of the assessed person to fulfil the attributions allocated to her, in an independent manner, as well as the relevant aspects that might result from analysing the information obtained, regarding:
 - (i) activities carried out in previous and current functions, performed within the same regulated entities or within other entities;
 - (ii) personal, professional or other type of economic relations with the members of the management structure within the same regulating entities, in the parent company or within other entities of the group the regulated entities are a part of;
 - (iii) personal, professional or other type of economic relations with the shareholders holding control of the regulated entities, the parent-companies or other entities within the group;
- e) Observing other specific requirements regarding the adequacy of the members of the management structure, provided in the internal norms/statutory documents for defining the adequacy policy.

(2) For the purpose of assessing the independence of the management structure members, the entity will consider at least the following:

a) independent thinking - conduit applicable to all members of the management structure; b) the principle of independence - imposed to some of the members of the Board.

(3) The regulated entities assess, for each member of the management structure, if he/she:

- a) is capable of allocating sufficient time for executing all attributions and responsibilities;
- b) understands the area of activity of the regulated entity, its main risks and the implications of its business strategy and risk strategy;
- c) observes the maximum number of management functions in compliance with the provisions of the specific legislation applicable to the respective regulated entity, in case that the person holds a mandate in a significant entity;
- d) has the capacity of fulfilling his/her attributions also during particularly intense periods of activity, such as restructuring, relocation, acquisitions, mergers or take-overs, or in crisis situations or as a result of major difficulties with one or several of its operations, considering the fact that such periods might require a higher level of time dedicated than normal periods.

Article 15

Sufficient time allocation

(1) In order to assess the time dedicated, in compliance with art. 14 paragraph (3) letter a), the regulated entities will analyse at least the following:

- a) the number of management functions held at the same time in financial and non- financial companies, considering the restrictions provided in the specific applicable legislation, as applicable; they shall consider the possible simultaneous activities, if the functions are held within the same group, including the situations in which the assessed person acts in the name of a legal entity or as a substitute for a member of the management structure;
- b) nature, purpose, extent and complexity of the activities performed by the companies in which the assessed person holds an executive position, highlighting the case in which the respective entity does not have headquarters in a member state;
- c) the geographical area of residence of the member and the travel time necessary for exercising the function;
- d) the number of meetings schedules for the management structure;
- e) the extend to which he/she is involved in the management functions he/she simultaneously holds in entities not primarily pursuing commercial objectives;
- f) the possibility of allocating time resources of any necessary meetings, especially with competent authorities or any other interested parties, either internal or external, excepting official meetings of the management structure;
- g) the nature of the member's function and responsibilities, including the attributions specific for any executive or non-executive function, president or member of a committee and the requirement that he attends the meetings in the listed at letters a) and h) and in the Company;
- h) other professional, political activities or any other type of relevant functions and activities, both inside and outside the financial sector, as well as inside and outside the European Union;
- i) necessary integration and training;
- j) any other relevant attributions of the members of management structures that the regulated entities consider when performing the assessment of the sufficient dedicated time.

(...)

(4) After the members of the management structure begin their activity, the regulated entities:

- a) monitor if they allocate enough time for exercising the respective functions, considering their meeting preparations, as well as their participation and active involvement in meetings;

- b) will consider the impact of any long-term absences of the management structure members on the sufficient time that needs to be allocated by other members;
- c) maintains the evidence of all professional and political positions held by the members of the management structure outside the regulated entities; such evidences are updated every time when a member notifies a modification, as well as when such modifications enter in the attention of the regulated entities through other means;
- d) reassesses the capacity of members to observe the dedicated time necessary for the allocated function, if there are any modifications in relation to the situation presented in a previous assessment.

Article 16

Simultaneously held management functions

(1) The members of the management structure within the significant entities provided at art.2 paragraph (2), letter k), point (i) and (iii) confirm in writing the observance of the number of management functions held simultaneously, in compliance with the provisions of the specific applicable legislation.

(2) When applying paragraph (1), for determining the number of functions exercised at the same time, the following are considered:

- a) if the management function involves, at the same time, both executive and non- executive responsibilities, its reference will be the executive function;
- b) if the assessed person holding several management functions is taken into consideration, according to the specific legislation, as having one management function, it is considered that the said function is:
 - (i) an executive function, if it includes at least one executive function;
 - (ii) non-executive function, if the requirement of point (i) is not fulfilled;
- c) the management functions owned within the same group are considered to be one function, should the specific legislation provide it;
- d) all management functions owned within the companies in which the regulated entity owns a qualifying holding and which are not subsidiaries of the same group are considered to be one management function which is added to the function that is to be owned within the regulated entity;
- e) in case that several regulated entities that are part of the same group owned qualifying holdings within other entities, the management functions corresponding to the qualifying holdings are considered, considering the consolidated financial situation of the regulated entity, as being one management function;
- f) in case of investment companies in which a member of the management structure owns management functions in different entities or groups, all management functions owned within the same institutional protection system, established in compliance with art.113 paragraph (7) of the (EU) Regulation 575/2013, are considered to be a single management function;
- g) management functions, within entities which do not primarily pursue commercial objectives are not considered when calculated the number of management functions; such activities are considered when assessing the allocation of sufficient time dedicated by the respective member.
- e) in case that several regulated entities that are part of the same group owned qualifying holdings within other entities, the management functions corresponding to the qualifying holdings are considered, considering the consolidated financial situation of the regulated entity, as being one management function;
- f) in case of investment companies in which a member of the management structure owns management functions in different entities or groups, all management functions owned within the same institutional protection system, established in compliance with art.113 paragraph (7) of the (EU) Regulation 575/2013, are considered to be a single management function;
- g) management functions, within entities which do not primarily pursue commercial objectives are not considered when calculated the number of management functions; such activities are considered when assessing the allocation of sufficient time dedicated by the respective member.

(3) When applying paragraph (2) letter g) the activities of entities which do not primarily pursue commercial objectives include:

- a) charitable activities;
- b) activities of non-profit organizations;
- c) activities of companies established for the exclusive purpose of managing the private economic interests of management structure members or of their family members, provided that they do not involve the members of the management structures in their daily management activities.

(4) The members of management structures notify to the regulated entity the modification of any information provided at paragraph (2).

Article 17

Independent thinking and conflicts of interests

(1) Regulated entities assess the independent thinking of each member of the management structure considering the permanent behaviour and:

- a) aptitudes necessary based on the previous and continuous behaviour, especially within the entity, if applicable, including the method in which the decisions proposed by other members of the management structure are adequately assessed, validated or challenged;
- b) existence of conflicts of interests to an extent that would affect the capacity of independently and objectively fulfilling his duties.

(2) When applying paragraph (1) letter b), regulated entities identify the current or potential conflicts of interests

- a) economic interests, such as: property rights, including shares, the member quality, participations and other economic interests, intellectual property rights, loans granted by the regulated entity to a company owned by the members of the management structure;
- b) personal or professional relations with shareholders owning shares in the regulated entity;
- c) personal or professional relations with the own staff or the staff of entities included in the consolidation perimeter;
- d) other current or previous engagements;
- e) personal or professional relations with interested entities, such as: associates with material suppliers, consultants, other service suppliers;
- f) membership in an organism or owning an organism or an entity leading to conflicts of interests.

(3) The management structure of the regulated entities adopt a formalized structure for avoiding or minimizing conflicts of interests and an objective process for implementing it, which includes at least:

- a) the members' obligation to avoid, as much as possible, activities that might generate conflicts of interests;
 - b) examples in which conflicts of interests can occur in the performance of the management structure member function; in compliance with the policy and procedures on the conflicts of interests of the regulated entity and assess their importance considering the following aspects:
 - c) a rigorous process of analysing and approving members before involving them in certain activities such as occupying positions in management bodies in order to ensure the fact that the respective activities will not create conflicts of interests;
 - d) the obligation of members to promptly disclose, both to the entity and to the ASF, the aspects that could generate or which have already generated conflicts of interests, especially considering the circumstances described at letters a) - c);
 - e) the members' obligation to restrain from voting in case they could be in a conflict of interests or in which their objectivity or ability to duly perform their duties towards the regulated entity;
 - f) adequate procedures for transactions with entities that are part of the group or with other entities that have a personal or professional relationship so that they are performed in objective conditions;
 - g) the manner in which the management structure manages the situations in which the policy is breached.
- (...)
- (5) The independent thinking of a management structure member is not considered, on its own, as being influenced by being a shareholder, owner or member of the regulated entity, by owning private accounts, obtaining loans or using other services offered by the regulated entity.
 - (6) The existence of a circumstance that could lead to a conflict of interests does not automatically prevent a member or a possible member from being part of the management structure of a regulated entity.
 - (7) Each member of the management structure identifies and presents during the meetings of the management structure any circumstance that might generate conflicts of interests of the same nature as those provided at paragraph (2) and which might prevent their capacity to fulfil their attributions in an objective and independent manner.
 - (8) The management structure assesses any circumstances that might give birth to a conflict of interests and approves measures for their management and mitigation, including the voting restriction of that respective member, in relation to any matter in which he might find himself in a potential conflict of interests.
 - (9) The regulated entities notify to the ASF the situations related to the conflicts of interests that might affect the independent thinking of a management structure member, including the provided mitigation measures.