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**SECURITISATION OF
RECEIVABLES**

In April 2006 Law no. 31/2006 on the securitisation of receivables (the „Law”) entered into force. Securitisation consists in the acquisition for a consideration by a Special Purpose Vehicle (“SPV”) of individual receivables or portfolio receivables, from one or more originators, classification of receivables on certain criteria, issuance of classes of securitized financial instruments (“SFI”) depending on these criteria, sale of instruments to the interested investors by primary public offering, by the SPV capitalization of the acquired receivables and return of issued SFI principal and related interest to investors.

In applying the Law, National Securities Commission (“NSC”) has passed the Order no. 67/13.07.2006 published in the Official Gazette of Romania Part I, no. 610/12.07.2006 by which the Regulation no. 11/2006 on securitisation of receivables (the “Regulation”) was approved.

Authorisation of participants to the securitisation structure

The Regulation provides the conditions, procedure and documents required for NSM authorisation of SPVs, respectively the securitisation funds and companies, administration and portfolio management companies.

The Regulation incorporates requirements and procedures similar to those applicable to other entities operating on the capital market – brokers, mutual funds, investment management companies, market operators -, such as: a minimum number of 2 managers, relevant background, integrity and independence of managers and members of the Board of Directors from other similar structures, significant shareholders’ integrity, autonomy of the financing sources of share capital, internal regulations, etc. The Regulation also provides disclosure of the affiliation of significant shareholders in the securitisation scheme structure.

Each entity in the securitisation scheme is subject to NSC approval, prior both to the registration with the Trade Register and to the proper operation of the business scope, respectively prior to commencing the specific portfolio management activity by the financial investment companies.

Public offering of SFIs

Based on the receivables portfolio acquired from originators (banks, mortgage credit banks, leasing companies etc.), the special purpose vehicles issue and sell SFIs.

According to the Regulation, SFIs are issued based on a decision of the general meeting of shareholders of the securitisation company, upon primary public sale offering and based on a prospectus authorised by NSC.

In prior to proceeding with the public offer of SFIs the assignment of receivables which shall secure an ABS issuance have to be registered with Electronic Archive for Secured Transactions, and the publicity formalities related to the investors' guarantee over the portfolio receivables have to be fulfilled.

In case that upon the closing of SFI public offering, the management company ascertains that there are any SFIs not underwritten, the company has to refund the investors with the amounts deposited for the underwritings carried out.

PUBLIC PROCUREMENT

Emergency Governance Ordinance no. 34/2006 regulating the award of public procurements contracts and the concession contracts has been completed by the recent publication of the application norms (the "Norms").

The Norms are mainly detailing the publicity rules and the rules for using the (i) open, (ii) restricted, (iii) competitive dialogue, (iii) request for offers and (iii) negotiated procedures, with and without prior publication of a contract notice. Also, the Norms establish implementation rules for the use of the framework-agreement and for setting-up the bid and performance bonds.

Adjustment of the Contract Price

The Norms allow the adjustment of the contract price only in exceptional events, such as (i) amendments of enactments triggering the decrease/increase of the costs based on which the contract price was established and (ii) decrease/increase of the price of the main elements reflected in the contract price.

Unlike former norms, the new ones do not provide the possibility of contract price indexation by the inflation rate.

Publication of the Contract and Contract Award Notices

Starting with December 31, 2006, the publication mechanism shall change in the sense that the notices shall be firstly published on the Internet, by using the Electronic System for Public Procurements and after in the Official Gazette of Romania and, if required, in the Official Journal of the European Union.

Until December 31, 2006, the notices shall be compulsory published only in the Official Gazette of Romania, the contracting authorities having however the right to publish them in the Official Journal of the European Union.

Qualification Criteria

The Norms forbid the contracting authorities to restrict the participation to public procurement procedures by imposing

on potential candidates certain criteria which are not relevant for or disproportionate to the nature and complexity of the public procurement contract to be awarded.

Whenever the contracting authorities are asking for minimum qualification criteria, they should be able to substantiate them.

Bid and Performance Bonds

While the maximum value of the bid bond decreased from 2.5% to maximum 2% of the estimated value of the public procurement contract/ framework-agreement, the performance bond maximum value remained unchanged, namely 10% from the contract price, minus VAT.

In case of public supply contracts and public service contracts whose estimated value does not exceed EUR 40,000, as well when the contracts are awarded pursuant to a negotiated procedure without prior publication of a contract notice, the contracting authority has the right to require performance bonds.

LEASING OPERATIONS

The new regulations in the field of financial non-banking institutions made necessary the adoption of Law no. 287/2006 on completion and modification of GO no. 51/1997 regarding the leasing operations and leasing companies. (GO no. 51/1997).

Scope

The scope of GO no. 51/1997 has been extended to also apply to cases where the lessee/ user of a based good concludes with another lessee/final user a leasing contract for the same good.

It has also been detailed the object of real estate leasing, which may cover: (i) the construction of a building on the land held in ownership by the lessee/ user, (ii) the acquisition of the right to construct on the land of the lessor/financier, (iii) the existing constructions owned by the lessor, built on a land owned by the financier or on a land to be bought or on which the financier has a right of use.

Share capital requirements

In accordance with the legal provisions governing the financial non-banking institutions, the leasing companies are required to have a minimum subscribed registered capital, entirely paid-in in cash upon incorporation, equal to the national currency (RON) equivalent of 200,000 Euro.

The existing leasing companies are bound to increase the share capital in order to met the minimum legal threshold until December 31, 2006.

The regime of leased good

Under the new legal provisions, the option to purchase the leased good cannot be expressed earlier than 12 months as from the commencing of the leasing period and

provided that all the obligations undertaken upon the contract are fulfilled.

The assets brought in Romania by the leasing companies, Romanian legal persons, fall under the import customs regime

exempted from payment of import taxes and duties without being conditioned by the existence of leasing contracts concluded with user Romanian individuals or legal persons.