

PHARE/2005/017-553.03.08

PROJECT FICHE FOR PHARE 2005

for

**Improvement of the institutional capacity of the
Romanian National Securities Commission**

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1. Basic Information

1.1. CRIS Number:

PHARE/2005/017-553.03.08

1.2. Title:

Improvement of the institutional capacity of the Romanian National Securities Commission

1.3. Sector:

Financial Sector

1.4. Location:

Romania, Bucharest, Headquarter of the Romanian National Securities Commission

1.5. Duration:

14 months.

2. Objectives

2.1. Overall Objective(s):

To continue with the implementation of the acquis communautaire for Chapter 3 of Negotiations “Freedom to provide services”

2.2. Project purpose:

To create the necessary infrastructure for the enforcement of the applicable legal and regulatory framework on capital market and to support investors’ education.

Task 1: To enforce the International Accounting Standards/ International Financial Reporting Standards for the capital market (IAS/ IFRS)

Task 2: To ensure the necessary equipment for customizing the internal database of CNVM in order to comply with the reporting requirements set by the acquis communautaire in the field

Task 3: To customize the internal database of CNVM in order to comply with the reporting requirements set by the acquis communautaire in the field

Task 4: To train the CNVM staff in order to deal with the internal surveillance system

Task 5: To implement a public awareness campaign in order to improve investors’ education

The first, third, fourth and fifth tasks will be implemented through technical assistance.

The second task will be implemented through an investment project.

2.3. Accession Partnership (AP) and NPAA priority

and implementing measures envisaged by the Action Plan for AP priorities related to strengthening administrative and judicial capacity)

This project is strictly following the priorities and objectives set out in the Accession Partnership and the NPAA:

- Improve the institutional framework of financial supervision and continue to pursue alignment of legislation, particularly in the area of securities and insurance;
- Reinforce the supervision of financial services and make adequate human resources available to implement new legislation;
- Make further progress in the alignment with the acquis on company law and accounting and pursue improvement of administrative capacity in this area, in particular with regard to law enforcement.
- Coherence with National Development Plan (and/or Structural Funds Development Plan)

2.4. Coherence with National Development Plan

N/A

2.5. Cross Border Impact

N/A

3. Description

3.1. Background and justification:

This program considers the recommendations of the Peer Review report from 2003 and the recommendations of the FSAP report drafted by the experts of the joint IMF – World Bank Financial Sector Assessment Program (FSAP) that specifically suggest to take steps for completing the legal and regulatory framework of the capital market and, also, for proper and continuous training for the CNVM personnel in order to give them adequate skills required for the performance of their supervisory tasks.

The same recommendations have been included in the Final Report drafted under the Component 1 – Operational Audit of the PHARE program RO. 0005.03”Securities Market Regulation”. This report includes clear recommendations regarding the improvement of the supervisory capacity of CNVM through training and education activities, as well as the alignment of the legal and regulatory framework with international accounting standards and EU practices.

As a result of the twinning project RO 2000/IB/FI/01 under the PHARE RO. 0005.03 "Securities Market Regulation", a new capital market consolidated law has been drafted with the assistance of the partner in order to implement the provisions of the EU Directives in the field. After the entering into force of the new consolidated law, CNVM drafts, reviews and enforces the regulations on intermediaries, public offers, UCITS, investor compensation schemes, regulated market, central depository etc.

The recommendations of the Peer Review report suggest that CNVM should establish an enforcement department to oversee the adequate compliance with the international accounting standards of listed companies.

The recommendations of the FSAP report suggest that CNVM should reconcile the discrepancies between Romanian accounting standards and international accounting standards and that sufficient number of regulatory personnel should also be trained in international accounting standards. Moreover, the FSAP report recommends that an appropriate body should be established in order to exercise oversight over the audit rules issued by the profession, the application of auditing and accounting regulations, and the disciplining of auditors.

Taking into consideration the CNVM objectives, as regulatory and surveillance authority, and the specific of the Romanian capital market, it is important to increase the development of the market, by attracting new potential investors; by diversification of the investment portfolios and by increasing the market liquidity. In this respect, the CNVM is really concerned about the investors' education, especially individual investors, its intention being to develop the financial environment that may lead to a capital market culture. Thus, CNVM has to develop the relationship with this type of investors, making available more materials and training human resources in order to disseminate the relevant information about the capital market.

3.2. Sectoral rationale

N/A

3.2.1 Identification of projects

N/A

3.2.2 Sequencing

N/A

3.3. Results

3.3.1 Project 1

International Accounting Standards/ International Financial Reporting Standards for the capital market (IAS/ IFRS)

Purpose:

To enforce the International Accounting Standards/ International Financial Reporting Standards for the capital market (IAS/ IFRS)

Results:

- 3.3.1.2.1. Draft report on the analysis of the accounting rules and regulations in place applicable for the capital market entities in order to meet the provisions of IAS/IFRS;
- 3.3.1.2.2. Draft check list format for reporting analysis based on the legislation in force and in compliance with IAS/ IFRS;
- 3.3.1.2.3. CNVM experts trained in the field of financial analysis according to the requirements set by the capital market legislation in force.

3.3.2. Project 2

Necessary equipment for customizing the internal database of CNVM

Purpose:

To ensure the necessary equipment for customizing the internal database of CNVM in order to comply with the reporting requirements set by the *acquis communautaire* in the field

Results:

- 3.3.2.2.1. Upgraded equipment for customizing the internal database in order to assist CNVM in verifying the compliance with the reporting requirements set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Transparency Directive (2004/109/EC);
- 3.3.2.2.2. Upgraded equipment for customizing the internal database in order to assist CNVM in verifying the compliance with the obligations set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Capital Adequacy Directive (93/6/EEC).

3.3.3. Project 3

Customisation of the internal database of CNVM

Purpose

To customize the internal database of CNVM in order to comply with the reporting requirements set by the *acquis communautaire* in the field

Results:

- 3.3.3.2.1. Report on Audit analysis of the situation in place regarding the necessary infrastructure for complying with the reporting requirements set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Transparency Directive (2004/109/EC);
- 3.3.3.2.2. Report on Audit analysis of the situation in place regarding the necessary infrastructure for complying with the obligations set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Capital Adequacy Directive (93/6/EEC);

3.3.3.2.3. Customized internal database in order to assist CNVM in verifying the compliance with the reporting requirements set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Transparency Directive (2004/109/EC);

3.3.3.2.4. Customized internal database in order to assist CNVM in verifying the compliance with the obligations set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Capital Adequacy Directive (93/6/EEC).

3.3.4. Project 4

Training for CNVM staff

Project purpose

To train the CNVM staff in order to deal with the internal surveillance system

Results

3.2.4.2.1. CNVM experts trained in order to verify the compliance with the reporting requirements set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Transparency Directive (2004/109/EC);

3.3.4.2.2. CNVM experts trained in order to verify the compliance with the reporting requirements set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Capital Adequacy Directive (93/6/EEC).

3.3.5. Project 5

Implementation of a Public awareness Campaign

Project purpose

To implement a Public Awareness Campaign in order to improve investors' education

Results

3.3.5.2.1. Public Awareness strategy revised (including the content of materials to be published and suitable channels for dissemination of information and performance of the Public Awareness campaign identified);

3.3.5.2.2. Revised Public Awareness strategy implemented by:

3.2.5.2.1. Draft new materials (brochures, guidelines, leaflets etc.) as resulted from the revised Public Awareness strategy;

3.2.5.2.2. Awareness materials produced;

3.2.5.2.3. Seminars and workshops organized, by resulting:

3.2.5.2.3.1. "Training for trainers programs" organized for the representatives of relevant capital market entities (market operators, intermediaries);

3.2.5.2.3.2. Seminars and workshops for individual investors organized;

3.2.5.2.3.3. "Public Awareness Conferences" organized in order to present the importance of investors' education with the support of the European Union.

3.4. Activities (including Means)

3.4.1. Task 1. Enforce of the International Accounting Standards/ International Financial Reporting Standards for the capital market (IAS/ IFRS)

- 3.4.1.1. Drafting an analysis of the accounting rules and regulations in place applicable for the capital market entities and/or the procedures/ guidelines in place depending on the actions performed by the Ministry of Finance by the time of the project's start;
- 3.4.1.2. Drafting a check list format for reporting analysis based on the legislation in force and in compliance with IAS/ IFRS;
- 3.4.1.3. Organise training of the CNVM experts responsible with financial analysis of the reports submitted to CNVM according to the requirements set by the capital market legislation in force.

3.4.2. Task 2. Ensure the necessary equipment for customizing the internal database of CNVM in order to comply with the reporting requirements set by the acquis communautaire in the field

- 3.4.2.1. Upgrading the equipment for customizing the internal database in order to assist CNVM in verifying the compliance with the reporting requirements set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Transparency Directive (2004/109/EC);
- 3.4.2.2. Upgrading the equipment for customizing the internal database in order to assist CNVM in verifying the compliance with the obligations set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Capital Adequacy Directive (93/6/EEC).

3.4.3. Task 3. Customize the internal database of CNVM in order to comply with the reporting requirements set by the acquis communautaire in the field

- 3.4.3.1. Carrying out an audit analysis of the situation in place regarding the necessary infrastructure for complying with the reporting requirements set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Transparency Directive (2004/109/EC);
- 3.4.3.2. Carrying out an audit analysis of the situation in place regarding the necessary infrastructure for complying with the obligations set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Capital Adequacy Directive (93/6/EEC);
- 3.4.3.3. Customizing the internal database in order to assist CNVM in verifying the compliance with the reporting requirements set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Transparency Directive (2004/109/EC);
- 3.4.3.4. Customizing the internal database in order to assist CNVM in verifying the compliance with the obligations set by the capital market legal

and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Capital Adequacy Directive (93/6/EEC).

3.4.4. Task 4. To train the CNVM staff in order to deal with the internal surveillance system

3.4.4.1. Organise training seminars at CNVM premises for the CNVM experts responsible with verification of compliance with the reporting requirements set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Transparency Directive (2004/109/EC);

3.4.4.2. Organise training seminars at CNVM premises for the CNVM experts responsible with verification of compliance with the reporting requirements set by the capital market legal and regulatory framework drafted within previous EU Phare support transposing the requirements stipulated in Capital Adequacy Directive (93/6/EEC).

3.4.5. Task 5. To implement a Public Awareness Campaign in order to improve investors' education

3.4.5.1. Reviewing the CNVM Public Awareness strategy and the documents (including the content of materials to be published and identification of suitable channels for dissemination of information and performance of the Public Awareness campaign)

3.4.5.2. Implementing the reviewed CNVM Public Awareness strategy by:

3.4.5.2.1. Drafting new materials (brochures, guidelines, leaflets etc.) as resulted from the revised Public Awareness strategy;

3.4.5.2.2. Producing awareness materials;

3.4.5.2.3. Organizing seminars and workshops, by resulting:

3.2.5.2.3.1. Organizing "Training for trainers programs" for the representatives of relevant capital market entities (market operators, intermediaries);

3.2.5.2.3.2. Organizing seminars and workshops for individual investors;

3.2.5.2.3.3. Organizing "Public Awareness Conferences" in order to present the importance of investors' education with the support of the European Union.

3.5. Linked Activities:

CNVM was the beneficiary of a Twinning project in the Phare program RO.0005.03 "Securities Market Regulation", providing assistance to CNVM in order to improve its administrative capacity and complete the legal framework for the securities supervision in compliance with the European legislation. The twinning objectives, as described in the twinning covenant, have targeted both the legal and regulatory framework existing in Romania in this field and the strengthening of the institutional capacity of CNVM as securities regulator.

In this respect, a part of the secondary legislation has been revised (regulations regarding the intermediaries, public offers, and collective investment schemes) and the rest of the regulations deriving from the new consolidated law are going to be drawn up (regulations regarding public offers, collective investment schemes other than UCITS, regulated markets and central depository). The capital market law no. 297/2004 was drafted under this twinning project, providing a unique legal framework for the capital market, aligned with the *acquis* and with a view for fostering the development of the Romanian market.

The twinning light project “Strengthening the regulatory framework of CNVM”, financed through Phare 2002 has been approved and now is under implementation. The aim of this project is to support the strengthening of the Romanian capital market regulatory framework, in particular the institutional framework of financial supervision, by completing the alignment with the *acquis communautaire* in the securities field. The project will provide support for drafting CNVM regulations on disclosure for issuers, regulated markets, alternative trading systems, settlement, clearing and depository of the financial instruments, as well as the elaboration of the internal procedures on investment services providers. The draft issued regulation will implement the provisions stipulated in the Transparency Directive (2004/109/EC) and the draft internal procedures for the supervision of the financial investment intermediaries is based on the provisions stipulated in the Capital Adequacy Directive 93/6/EEC). In addition to the above, the CNVM staff will be trained in Romania and Member State with respect to the implementation and enforcement of European and national legislation in the securities field.

Regarding the implementation of the international accounting standards, the first step was made in December 2002, when the Joint Order of the Ministry of Public Finance and CNVM, no. 1742/106, regarding the approval of the accounting regulations in compliance with Directive IV and with the IAS for the institutions supervised and regulated by CNVM was issued. In accordance with the provisions stipulated in this Order, the accounting regulations mentioned above will be enforced to all the institutions supervised and regulated by CNVM, starting with the financial statements for the activity performed in 2003.

Following the recommendations made in the ROSC Report on the Accounting and Audit from May 2003, the “Country Action Plan for improving the financial statements in Romania” has been drafted. The objectives of this action plan are as follows:

- improving the prudential surveillance system of BNR, CNVM, CSA, CAFR, CECCAR
- developing training programs in the IFRS field
- assuring transparency of the financial statements of the listed companies
- drafting procedures for revising and analyzing of the financial statements elaborated in accordance with the IFRS.

Regarding the public awareness, CNVM is the beneficiary of a technical assistance project financed under the Dutch Grant funds (World Bank). The main objective of this project is to design a comprehensive strategy for public

awareness of the capital market in Romania. The activities included in this project shall start by the end of July, 2005.

3.6. Lessons learned:

See also Annex 4.

This project considers the recommendations made by Peer Review mission 2004, Country Regular Report 2004, Financial Sector Assessment Program Report 2003 (drafted by a joint team of International Monetary Fund and World Bank), ROSC on Accounting and Auditing Report 2004 (drafted by World Bank).

The recommendations of Peer Review Report and Country Regular Report specifically suggest taking steps to complete the implementation of the acquis communautaire in securities field and to ensure proper and continuous training for CNVM staff.

Following the recommendations made in the ROSC Report on the Accounting and Audit from May 2003, the “Country Action Plan for improving the financial statements in Romania” has been drafted. The objectives of this action plan are as follows:

- improving the prudential surveillance system of BNR, CNVM, CSA, CAFR, CECCAR
- developing training programs in the IFRS field
- assuring transparency of the financial statements of the listed companies
- drafting procedures for revising and analyzing of the financial statements elaborated in accordance with the IFRS.

Regarding the public awareness, CNVM is the beneficiary of a technical assistance project financed under the Dutch Grant funds (World Bank). The main objective of this project is to design a comprehensive strategy for public awareness of the capital market in Romania.

4. Institutional Framework

In accordance with Law no. 514/2002 regarding its Statute, CNVM is the supervisory authority of the securities market, regulated commodities markets and financial derivative instruments as well as related institutions and operations. CNVM was established in 1994 as an autonomous administrative body, with legal personality, reporting to the Romanian Parliament.

The regulations and instructions issued by CNVM establish norms and rules regarding the enforcement of the specific legislation for the capital market, regulated markets for commodities and financial derivative instruments, collective investment schemes and the related institutions and operations.

5. Detailed Budget

	Phare/Pre-Accession Instrument support	Co-financing		Total Cost
		National Public Funds (*)	Total Co-financing of Project	
Year 2005 - Investment support Jointly co-funding	0.50	0.17	0.17	0.67
Contract 1 (Task 2)	0.50	0.17	0.17	0.67
Investment support – Total	0.50	0.17	0.17	0.67
<i>% of total public funds</i>	<i>max 75 %</i>	<i>min 25 %</i>		
Year 2005 Technical assistance				
Contract 2 (Task 1,3,4,5)	1.00			1.00
Total project 2005	1.50		0.17	1.67

6. Implementation Arrangements

6.1. Implementing Agency

For the entire program, the Implementing Agency will be CFCU, which will be responsible for tendering, contracting, administration, accounting, payments and financial reporting.

Contact details for PAO: Mrs. Carmen Roșu, General Director of CFCU, 44 Mircea Vodă Avenue, phone: (+4021) 326 87 03; fax: (+4021) 326 87 30.

Implementing Authority

The beneficiary institution will be CNVM through the Program Implementing Unit (PIU) that will be responsible for the procedural and administrative management of the program.

Contact details for SPO:

6.2. Twinning

N/A

6.3. Non-standard aspects

Non-standard procedures are not foreseen.

6.4. Contracts

The CNVM PHARE project envisages the signing 2 contracts.

- Technical assistance will be achieved through one contract organized in 4 lots (Task 1, 3, 4 and 5) – budget EUR 1,000,000**
- Investment support for CNVM internal database will be achieved through one supply contract (Task 2) – budget EUR 667,000 (including CNVM co-financing)**

7. Implementation Schedule

7.1. Start of tendering/call for proposals

ToRs for the technical assistance contract – April 2006

Technical Specifications for supply contract – April 2006

7.2. Start of project activity

November 2006

7.3. Project completion

Activities for both contracts will be finalized until December 2007.

Expected date of last payment under last contract/grant

Last payment is expected to be made before July 2008

8. Equal Opportunity

The project will ensure equal participation by women and men. Women's participation will be measured by recording (i) gender breakdown of trainees (ii) emphasizing equal opportunities aspects inside CNVM.

9. Environment

No environmental changes will be induced by the implementation of this investment support project.

10. Rates of return

These indicators are not relevant for the investment project. This project, after been completed, will not induce profit.

11. Investment criteria (applicable to all investments)

11.1. Catalytic effect:

The PHARE investment projects will catalyze the process of setting up the surveillance and management information system. In the absence of this program, the CNVM's resources are insufficient to develop such systems.

11.2. Co-financing:

This investment project will be co-financed by CNVM's resources.

11.3. Additionality

N/A

11.4. Project readiness and size

N/A

11.5. Sustainability

N/A

11.6. Compliance with state aids provisions

All the state aids provisions of the Europe Agreement will be followed and complied with.

12. Conditionality and sequencing

N/A

ANNEXES TO PROJECT FICHE

1. Logframe in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule, by quarter, for full duration of project
(including disbursement period)
4. Lessons Learnt

ANNEX 1

Log frame

LOGFRAME PLANNING MATRIX FOR Project:		Programme name and number	
Improvement of the institutional capacity of the Romanian National Securities Commission (CNVM)"		Contracting period expires: end of 2007	Disbursement period expires: end of 2008
		Total budget : 1.67 MEURO	Phare budget : 1.50 MEURO
Overall objective	Relates to Copenhagen criterion and acquis chapter	List of other projects with same objectives	
To continue with the implementation of the acquis communautaire for Chapter 3 of Negotiations "Freedom to provide services"	The capacity of assuming the Member State obligations – Chapter no. 3 – Free movement of services	Assistance projects under World Bank assistance: 1. Technical Assistance for public awareness campaign 2. Development of an integrated database for CNVM and equipment acquisition	
Project purpose	Objectively verifiable indicators	Sources of Verification	
<p>To strengthen the institutional capacity of the Romanian National Securities Commission (CNVM), to create the necessary infrastructure for the enforcement of the applicable legal and regulatory framework on capital market and to support investors' education.</p> <p>To be achieved by the following tasks:</p> <p>Task 1: To enforce the International Accounting Standards/ International Financial Reporting Standards for the capital market (IAS/ IFRS)</p> <p>Task 2: To ensure the necessary equipment for customizing the internal database of CNVM in order to comply with the reporting</p>	<ul style="list-style-type: none"> ▪ Enforced IAS/IFRS for the capital markets field ▪ CNVM necessary equipment developed in compliance with the reporting requirements set by the acquis communautaire in the field 	<p>EU Regular Reports Peer Review Missions Project Reports</p>	<p>Assumptions</p> <p>The legislation for the enforcement of IAS/IFRS at the national level issued by the relevant Romanian authority.</p> <p>The secondary legislation for the enforcement of the Capital Market Law 297/2004 with respect to the Transparency requirements and CAD obligations in place.</p>

<p>requirements set by the acquis communautaire in the field</p> <p>Task 3 : To customize the internal database of CNVM in order to comply with the reporting requirements set by the acquis communautaire in the field</p> <p>Task 4: To train the CNVM staff in order to deal with the internal surveillance system</p> <p>Task 5: To implement a public awareness campaign in order to improve investors' education</p>	<ul style="list-style-type: none"> ▪ CNVM customized database developed in compliance with the reporting requirements set by the acquis communautaire in the field ▪ No. of participation certificates for the personnel trained ▪ Improved awareness among the investors on the capital market 		
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p>Results Task 1</p> <p>1.1. Draft report on IAS/IFRS</p> <p>1.2. Draft check list format for IAS/ IFRS</p> <p>1.3. CNVM experts trained in the field of IAS/IFRS</p> <p>Results Task 2</p> <p>2.1 Upgraded equipment for customizing the internal database - Transparency Directive (2004/109/EC)</p> <p>2.2 Upgraded equipment for customizing the internal database - Capital Adequacy Directive (93/6/EEC).</p> <p>Results Task 3</p>	<p>1.1. Rules and regulations meet the provisions of IAS/IFRS</p> <p>1.2. Check list meets the IAS/ IFRS requirements</p> <p>1.3. No. of persons trained in the field of IAS/IFRS</p> <p>2.1 equipment in place to support the customization of the internal database in place/ Transparency Directive</p> <p>2.2 Equipment in place to support the customization of the internal database in place / CAD Directive</p>	<p>Project Reports Project Monitoring Reports</p> <p>Project Reports Project Monitoring Reports</p>	<p>The legislation for the enforcement of IAS/IFRS at the national level issued by the relevant Romanian authority.</p> <p>The new IT infrastructure is compatible with the customized database.</p> <p>The secondary legislation for the</p>

<p>3.1 Report on Audit analysis - Transparency Directive (2004/109/EC);</p> <p>3.2 Report on Audit analysis - Capital Adequacy Directive (93/6/EEC);</p> <p>3.3 Customized internal database - Transparency Directive (2004/109/EC);</p> <p>3.4 Customized internal database - Capital Adequacy Directive (93/6/EEC);</p> <p>Results Task 4</p> <p>4.1 CNVM experts trained in order to verify the compliance with the reporting requirements - Transparency Directive (2004/109/EC);</p> <p>4.2 CNVM experts trained in order to verify the compliance with the obligations on Capital Adequacy Directive (93/6/EEC);</p> <p>Results Task 5</p> <p>5.1 Public Awareness strategy revised including the content of the materials to be published and suitable channels for</p>	<p>3.1 The audit report includes all the requirements for the CNVM infrastructure/equipment, in compliance with the legal and regulatory framework - Transparency Directive</p> <p>3.2 The audit report includes all the requirements for the CNVM infrastructure/equipment, in compliance with the legal and regulatory framework - Capital Adequacy Directive</p> <p>3.3 The customized database include all the necessary fields/tools in order to met the requirements set by the legal and regulatory framework - Transparency Directive</p> <p>3.4 The customized database include all the necessary fields/tools in order to met the requirements set by the legal and regulatory framework - Capital Adequacy Directive</p> <p>4.1 No. of persons trained in order to understand how to use the new customized databases - Transparency Directive</p> <p>4.2 No. of persons trained in order to understand how to use the new customized databases - Capital Adequacy Directive</p> <p>5.1 Revised Public Awareness strategy</p>	<p>Project Reports Project Monitoring Reports</p> <p>Project Reports Project Monitoring Reports</p> <p>Project Reports Project Monitoring Reports</p>	<p>enforcement of the Capital Market Law 297/2004 with respect to the Transparency requirements and Capital Adequacy obligations in place.</p>
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<p>dissemination</p> <p>5.2 Revised Public Awareness strategy implemented by:</p> <p>5.2.1. Draft new materials</p> <p>5.2.2. Awareness materials produced</p> <p>5.2.3. Seminars and workshops organized, by resulting:</p> <ul style="list-style-type: none"> - “Training for trainers program” for the representatives of relevant capital market entities (market operators, intermediaries etc) organized; - seminars and workshops for individual investors organized; - “Public Awareness Conference” in order to present the importance of investors’ education with the support of the European Union organized. 	<p>5.2 Revised Public Awareness strategy implemented</p> <p>5.2.1. New materials drafted</p> <p>5.2.2. Awareness materials produced</p> <p>5.2.3.</p> <ul style="list-style-type: none"> - No. of certificated for trainers from the relevant capital market entities attending the seminars - No. of certificates for individual investors attending the seminars and workshops - No. of certificates for the representatives of the relevant capital market entities attending the Conference 		
Activities	Means		Assumptions

Activities Task 1 1.1. Drafting analysis of the accounting rules and regulations in place 1.2. Drafting a check list format 1.3. Organise training of CNVM experts.	Technical assistance contract	The legislation for the enforcement of IAS/IFRS at the national level issued by the relevant Romanian authority.
Activities Task 2 2.1. Upgrading the equipment for customizing the internal database - Transparency Directive (2004/109/EC); 2.2. Upgrading the equipment for customizing the internal database - Capital Adequacy Directive (93/6/EEC).	Supply contract	The new IT infrastructure is compatible with the customized database resulted under subcomponent 2.
Activities Task 3 3.1 Carrying out an audit analysis of the situation in place regarding the necessary infrastructure for complying with the reporting requirements - Transparency Directive (2004/109/EC); 3.2. Carrying out an audit analysis of the situation in place regarding the necessary infrastructure for complying with the obligations set by Capital Adequacy Directive (93/6/EEC); 3.3. Customizing the internal database - Transparency Directive (2004/109/EC); 3.4. Customizing the internal database - Capital Adequacy Directive (93/6/EEC).	Technical assistance contract	The secondary legislation for the enforcement of the Capital Market Law 297/2004 with respect to the Transparency requirements and CAD obligations in place.
Activities Task 4 4.1 Organise training at CNVM premises for the CNVM experts in the field of Transparency Directive (2004/109/EC); 4.2 Organise training at CNVM premises for the CNVM experts in the field of Capital Adequacy Directive (93/6/EEC).	Technical assistance contract	
Activities Task 5 5.1. Reviewing the CNVM Public Awareness strategy and the documents (including the content of materials to be published and identification of suitable channels for dissemination of information) 5.2. Implementing the reviewed CNVM Public Awareness strategy by:	Technical assistance contract	CNVM Public Awareness Strategy approved.

<p>5.2.1. Drafting new materials</p> <p>5.2.2. Producing awareness materials</p> <p>5.2.3. Organizing seminars and workshops, by resulting:</p> <ul style="list-style-type: none"> - Organizing “Training for trainers programs” for the representatives of relevant capital market entities (market operators, intermediaries); - Organizing seminars and workshops for individual investors; - Organizing “Public Awareness Conferences” in order to present the importance of investors’ education with the support of the European Union 		
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ANNEX 2

DETAILED TIME IMPLEMENTATION CHART FOR PROJECT

“Improvement of the institutional capacity of CNVM”

	2005						2006												2007												2008													
Calendar months	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D		
Activities – Contract 1 (Supply Contract)	D	D	D	D	D	D	D	D	D	D	C	C	C	C	C	C	I	I	I	I	I	I																						
Activities – Contract 2 (TA Contract)	D	D	D	D	D	D	D	D	D	D	C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I														
	<div>D = Design</div> <div>C = Contracting</div> <div>I = Implementation</div>																																											

ANNEX 3

“Improvement of the institutional capacity of CNVM” CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (1,67 MEURO) DATE:												
	31/03/06	30/06/06	30/09/06	31/12/06	31/03/07	30/06/07	30/09/07	31/12/07	31/03/08	30/06/08	30/09/08	31/12/08
CONTRACTED (Contract 1 – supply contract including CNVM co-financing)			MEURO 0.67									
DISBURSEMENT (Contract 1)												
CONTRACTED (Contract 2 - TA)			MEUR 1,00									
DISBURSEMENT (Contract 2)												

Annex 4 – Lessons learnt

Identified Gaps or Recommended courses of intervention	Action for covering the Gap or implement the recommended intervention	Phare Programming (Project Reference)	
		2004	2005
<p>IMPLEMENTATION OF ACQUIS COMMUNAUTAIRE IN THE SECURITIES FIELD</p> <p>To take steps to complete the implementation of the <i>acquis communautaire</i> in securities field (<i>Country Report/ 2003</i>)</p> <p>Further efforts will also be required to transpose new <i>acquis</i> in this sector (<i>Country Report/ 2004</i>)</p> <p>To draft procedures for revising and analysing of the financial statements elaborated in accordance with the IFRS (<i>“Country Action Plan for improving the financial statements in Romania”</i>)</p>	<p>Enforcement of the International Accounting Standards/ International Financial Reporting Standards for the capital market (IAS/ IFRS)</p>	<p>CNVM has not applied for Annual Phare 2004 funds</p>	<p>Phare 2005 project “Improvement of the institutional capacity of the Romanian National Securities Commission”/ TA Contract</p>

<p>IMPROVEMENT OF ADMINISTRATIVE CAPACITY OF CNVM</p> <p>To ensure proper and continuous training for CNVM staff (<i>Country Regular Report/ 2003</i>)</p> <p>Although the number of on-site and off-site inspections has increased following the re-organization of the supervisory authority, staffing levels and technical skills should be further strengthened (<i>Country Regular Report/ 2004</i>)</p> <p>To improve on-site activities, additional training should be given to relevant staff on accounting and financial analysis, securities transactions and controls on listed issuers (<i>Country Regular Report/ 2004</i>)</p> <p>To establish an enforcement department to oversee the adequate compliance with the international accounting standards of listed</p>	<p>To ensure the necessary equipment for customizing the internal database of CNVM in order to comply with the reporting requirements set by the <i>acquis communautaire</i> in the field</p> <p>To customize the internal database of CNVM in order to comply with the reporting requirements set by the <i>acquis communautaire</i> in the field</p> <p>Training for CNVM staff in order to deal with the internal surveillance system</p> <p>Training for CNVM experts responsible with the analysis of the financial reports submitted to CNVM according to the requirements set by the capital market legislation in force</p>	<p>CNVM has not applied for Annual Phare 2004 funds</p>	<p>Phare 2005 project “Improvement of the institutional capacity of the Romanian National Securities Commission”/ Supply Contract</p> <p>Phare 2005 project “Improvement of the institutional capacity of the Romanian National Securities Commission”/ TA Contract</p> <p>Phare 2005 project “Improvement of the institutional capacity of the Romanian National Securities Commission”/ TA Contract</p> <p>Phare 2005 project “Improvement of the institutional capacity of the Romanian National Securities Commission”/ TA Contract</p>
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<p>companies (<i>Peer Review Missions/ 2003, 2004</i>)</p> <p>To develop training programs in the IFRS field (<i>“Country Action Plan for improving the financial statements in Romania”</i>)</p> <p>To improve the prudential surveillance system of CNVM (<i>“Country Action Plan for improving the financial statements in Romania”</i>)</p> <p>CNVM is the beneficiary of a technical assistance project financed under the Dutch Grant funds (World Bank). The main objective of this project is to design a comprehensive strategy for public awareness of the capital market in Romania. The activities of this project started in August 2005. In order to ensure the sustainability of this project CNVM should implement the resulted strategy.</p>	<p>Implementation a public awareness campaign in order to improve investors' education</p>		<p>Phare 2005 project “Improvement of the institutional capacity of the Romanian National Securities Commission”/ TA Contract</p>
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