

QUESTION	ANSWER	CITATION	COMMENT
<b>The Responsibilities of the Board</b>			
<b><i>Regulatory Framework</i></b>			
Please provide accurate historical description and analysis of the evolution and content of the regulatory framework	<p>Creation of a regulatory framework in the domain of corporate governance may be divided in several stages.</p> <p>The first stage began after proclamation of independence of the Republic of Moldova, and lasted between the years 1991-1993. That was the stage of creation of the most important normative acts intended to ensure the transition from the so-called “planed economy” to the free market economy. The Civil Code of the Republic of Moldova of 26 December 1964 was one of the normative acts regulating certain aspects of the activity of legal entities. The Civil Code regulated only state and public enterprises and organisations, as well as collective farming entities, which were dependent in their economic activity, and were based on the planed economy.</p> <p>Taking into account the new economic realities, which required regulation, there was an acute need for adoption of new laws and regulations. Thus, the following acts</p>		

were adopted, the majority of amended versions whereof are currently effective:

1. *The Law No. 459-XII of 22.01.1991 on Property*. This law defines the different “types of property ”: private property, collective property, collective farm property and state property (this provision is currently effective, even though such collective farm property does not exist any more, due to the fact that all collective farms were either terminated or re-organised). The Law on Property also generally regulates such legal organisational forms of enterprises as joint stock companies and economic entities;
2. *The Law No. 627 of 4 July 1991 on Privatisation*, which contributes to re-organisation of state enterprises, institutions and organisations in enterprises, institutions and organisations with private and/or state capital. After privatisation a great number of state enterprises, institutions and organisations were re-organised in co-operatives, limited liability companies and joint stock companies with internal organisational structure complying with the respective legal organisational forms;
3. *Decision of the Government No. 500 of*

*10.09.1991 on Approval of the Regulation on Economic Entities.* The said Regulation is the first governmental normative act envisioning the manner of creation, functioning, re-organisation and termination of such economic entities as general partnership, limited partnership, limited liability company. This Regulation for the first time provided for separation of powers of the meeting of founders (members, associates, shareholders), executive committee with administrative management powers and auditing committee having powers of control. Thus, the rules on the internal organisational structure of such entities, rights and obligations of associates (members), as well as the manner of training, powers and competence of the administrative bodies of such entities were set;

4. *The Decree of the President of the Republic of Moldova No. 242 of 9.12.1991 on Re-Organisation of State Enterprises in Independent Entities and Joint Stock Companies* . This Decree provided for transformation of the state enterprises in independent entities and joint stock companies. Administration of joint stock companies shall be carried out by administrative boards, regulations whereof shall be developed by the State

	<p>Committee of the Republic of Moldova for Economic Reform, the Ministry of Economy and the Ministry of Finance and approved by the Government;</p> <p>5. <i>The Decree of the President of the Republic of Moldova No. 241 of 9.12.1991 on Registration of Enterprises Activating in the Republic of Moldova.</i> The said Decree established the State Registration Chamber at the Ministry of Justice – public authority competent to register all enterprises, institutions, organisations, branch and representative offices thereof in the Republic of Moldova. The Decree also established State Commercial Register of the Republic of Moldova, which is to include information on all enterprises, associations, branch and representative offices thereof in the Republic of Moldova, regardless of the legal organisational form, subordination or types of activity;</p> <p>6. <i>The Law No. 845-XII of 3.01.1992 on Entrepreneurial Activity and Enterprises.</i> The said law is one of the most important normative act in the respective domain, due to the fact that it sets out the rules, general principles and forms of practising of entrepreneurial activity. Thus, the law regulates general rights and obligations of enterprises; the</p>		
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	<p>relationship between the state and enterprises; types of activities, including those that can be practised only by state enterprises, general rules for each legal organisational form of enterprises, legal capacity thereof; creation, registration, activity, re-organisation and termination of enterprises;</p> <p>7. <i>The Law of the Republic of Moldova No. 847-XII of 3.01.1992 on Joint Stock Companies.</i> Numerous joint stock companies were created on the basis of this law. Although this law was repealed in July 1997, its contribution to the concept of corporate governance shall not be underrated;</p> <p>8. <i>The Law of the Republic of Moldova No. 998-XII of 1.04.1992 on Foreign Investments.</i> The said law provides for a series of particularities of functioning of foreign capital enterprises. Pursuant to this law foreign capital enterprises may be created under any legal organisational form and may practice any type of activity, which is in compliance with the provisions of Moldovan legislation. Corporate governance bodies of a foreign capital enterprise shall be established in accordance with the applicable legislation and/or constitutive documents thereof;</p>		
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The next stage of consolidation of the regulatory framework in the respective domain is the period between the years 1994-1997. It was a difficult period both for the Moldovan legislator and enterprises activating by the rules, which were absolutely new for the Republic of Moldova. Due to this fact, during this stage the state concentrated on protection and support of enterprises through creation of proper conditions for development of economic entities as well as legislative framework necessary for establishment of a mechanism of economic support, in particular, in the fiscal, credit and technical domains.

During this period the Constitution of the Republic of Moldova of 24 July 1994 was adopted. One of the important norms set in the Constitution is the classification of property in public property and private property as well as determination of the main factors of economy – market, free economic initiative and fair competition.

The period between the years 1994-1997 is also remarkable due to creation of special regulations connected to the specific aspects of establishment and operation of certain legal organisational forms of enterprises. Thus, establishment and operation of the following enterprises were regulated:

1. trusts (*Decree of the President of the*

	<p><i>Republic of Moldova No. 50 of 18.02.1994 on Approval of the Temporary Regulation on Trusts);</i></p> <p>2. <i>state enterprise (Law No. 146-XIII of 16.06.1994 on State Enterprise; Decision of the Government No. 770 of 20.10.1994 on Approval of the Regulation on Administrative Board of a State Enterprise, Model Charter of a State Enterprise, Model Agreement between the Founder and Manager of a State Enterprise; Decision of the Government No. 152 of 22.04.1994 on Approval of the Regulation on Audit Committee of a State Enterprise);</i></p> <p>3. <i>municipal enterprise (Decision of the Government No. 387 of 06.06.1994 on Approval of the Model Regulation of Municipal Enterprise);</i></p> <p>4. <i>holding (Decision of the Government No. 550 of 26.07.1994 on Approval of the Temporary Regulation on Holdings);</i></p> <p>5. <i>commercial bank (Law No. 550-XIII of 21.07.1995 on Financial Institutions);</i></p> <p>6. <i>commodity exchange (Law No. 1117 of 26.02.1997 on Commodity Exchange);</i></p> <p>7. <i>investment fund (Law No. 1204-XIII of</i></p>		
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*05.06.1997 on Investment Funds).*

Another aspect to which a lot of attention was paid during this period was determination of a mechanism for termination or restructuring of enterprises (*Law No. 786-XIII on Insolvency and Law No. 958-XIII of 19.07.1996 on Restructuring of Enterprises, both repealed in 2002*). Also during this period the new Law on Joint Stock Companies was adopted (*Law No. 1134-XIII of 02.04.1997 on Joint Stock Companies*), representing the main guidelines for administration of joint stock companies.

The third stage of development of the process of regulation of entrepreneurial activity began in the year 1998 and presently continues. The legislative process during this period was primarily aimed at amendment of previously adopted acts. Operation of such amendments was necessary for improvement of the existent regulatory framework. At the same time, continuing perfection of the regulatory framework governing entrepreneurial activity is due to the growing interest of international financial institutions – creditors of the Republic of Moldova. One of the conditions set by the said creditors was creation of a favourable legal climate for development of enterprises and improvement of the respective regulatory

framework. As a result, a number of new acts were adopted, which are in compliance with international requirements and trends. Below are some of the most important achievements of the said period:

1. *Law No. 1265-XIV of 05.10.2000 on State Registration of Enterprises and Organisations* establishing a simplified procedure of registration of enterprises;
2. *Law No. 1418-XIV of 14.12.2000 on Financial-Industrial Groups*, which is a complex form of practising of economic activity by a group of legal entities, for purposes of attainment of their production goals;
3. *Law on Insolvency No. 632-XV of 14.11.2001*, replacing the older and less detailed bankruptcy laws;
4. *Law No. 73-XV of 12.04.2001 on Entrepreneurial Co-operatives*, establishing a new form of association of legal entities and natural persons practising primarily agriculture, intended to satisfy the production and consumer interests of the members of co-operatives. Please note that prior to adoption of the said law, co-operative activity was practised through production co-operatives, with the status of commercial legal entity, and

consumer co-operatives with the status of non-commercial legal entity, both being formed by association of natural persons only. The new legal organisational form (entrepreneurial co-operative), allows for association of both natural persons and legal entities on co-operative basis;

5. *Law No. 847-XV of 14.02.2002 on Salaries*, establishing the manner of payment of salaries and employment benefits to managers of enterprises;

6. *Criminal Code of the Republic of Moldova No. 985 of 18.04.2002 (hereinafter the "New Criminal Code")*, which is not effective yet. The New Criminal Code establishes criminal liability officers of an enterprise;

7. *Civil Code of the Republic of Moldova No. 1107-XV of 06.06.2002 (hereinafter the "New Civil Code")*, which is not effective yet.

Pursuant to the Plan of Activity of the Government for the year 2003, this year also promises a continuing improvement of the existent regulatory framework. A good example is *the Corporate Governance Concept of the National Economy Enterprises approved by the Decision of the Government No. 22 of 16.01.2003*. This

	<p>Concept focuses on the intention to improve the corporate governance system in the Republic of Moldova, by orienting it to the respective international principles and requirements, which would allow for increase of enterprises' contribution to the economic development of the Republic of Moldova. Attention is paid to the current problems of the corporate governance system, and it is recommended that employees and other categories of interested persons participate more actively in administration of large enterprises. It is also recommended to create certain model corporate documents which would ensure rational and efficient corporate governance; establishment of relationships between enterprises and higher education institutions for training of specialists in the domain of corporate governance; development of a code of corporate conduct etc.</p>		
<p>1. What are the principal normative acts and other sources of guidelines that make up the corporate-governance framework for Board responsibilities and structure?</p>			
<p>1.1. Laws</p>	<p>1. Civil Code of the Republic of Moldova</p>		

	<p>of 26.12.1964;</p> <ol style="list-style-type: none"><li>2. Civil Code of the Republic of Moldova No. 1107-XV of 06.06.2002 (its effective date was suspended for an undetermined period of time);</li><li>3. Criminal Code of the Republic of Moldova of 24.03.1961, Chapters VI and VIII;</li><li>4. Criminal Code of the Republic of Moldova of 18.04.2002 (its effective date was suspended for an undetermined period of time) Chapters X and XV;</li><li>5. Code of Administrative Violations of 29.03.1985, Articles 162.4, 174.16 and 174.17;</li><li>6. Law No. 845-XII of 03.01.1992 on Entrepreneurial Activity and Enterprises;</li><li>7. Law No. 998-XII of 1.04.1992 on Foreign Investments;</li><li>8. Law No. 1134 of 02.04.1997 on Joint Stock Companies;</li><li>9. Law No. 550-XIII of 21.07.1995 on Financial Institutions;</li><li>10. Law No. 1204-XIII of 05.06.1997 on Investment Funds;</li></ol>		
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	<p>11. Law No. 1117-XIII of 26.02.1997 on Commodity Exchange;</p> <p>12. Law No. 1418-XIV of 14.12.2000 on Financial-Industrial Groups;</p> <p>13. Law No. 1007-XV of 25.04.2002 on Production Co-operatives;</p> <p>14. Law No. 73-XV of 12.04.2001 on Entrepreneurial Co-operatives;</p> <p>15. Law No. 632-XV of 14.11.2001 on Insolvency;</p> <p>16. Law No. 146-XIII of 16.06.1994 on State Enterprise.</p>		
1.2. Regulations	<p>1. Regulation on Business Entities of the Republic of Moldova, approved by the Decision of the Government No. 500 of 10.09.1991;</p> <p>2. Temporary Regulation on Holdings, approved by the Decision of the Government No. 550 of 26.07.1994;</p> <p>3. Regulation on Exigencies Set for Directors of Banks, approved by the Decision of the National Bank of Moldova No. 15 of 26.03.1997;</p> <p>4. Decision of the Government No. 770 of</p>		

	<p>20.10.1994 on Adoption of the Regulation on Administrative Board of a State Enterprise, Model Charter of a State Enterprise, Model Agreement between the Founder and Manager of a State Enterprise; Decision of the Government No. 152 of 22.04.1994 on Approval of the Regulation on Audit Committee of a State Enterprise);</p> <p>5. Decree of the President of the Republic of Moldova No. 50 of 18.02.1994 on Approval of the Temporary Regulation on Trusts;</p>		
1.3. Other normative acts	<p>1. Corporate Governance Concept of the National Economy Enterprises approved by the Decision of the Government No. 22 of 16.01.2003;</p> <p>2. Methodological Guidelines on the Manner of Holding of General Meeting of Shareholders in Joint Stock Companies of 16. 06.1995.</p>		
1.4. Exchange Rules	Rules of the Stock Exchange of Moldova approved by Resolution of the National Securities Commission no. 17/5 of 19.05.2000.		
1.5. Codes of Conduct	Code of Professional Conduct of Auditors and Accountants No. 29 of 01.03.2001.		
1.6. Other			

<p>2. How is the term "director" defined?</p>	<p>Based on the provisions of Moldovan legislation, the term “director” may be defined as the person with the administrative powers in an organisation, enterprise, company, who is temporarily or permanently granted (either through appointment or election) certain rights and obligations related to the exercise of administrative or organisational and economic powers.</p> <p>The law does not provide for an exclusive list of administrative powers within a company. The only reference to that effect is made in the Law on Joint Stock Companies, whereby the following persons have administrative powers within a joint stock company: members of the Board of Directors, members of the executive body, members of the Audit Committee, members of the Liquidation Committee, as well as other persons exercising administrative powers.</p> <p>The Law on Financial Institutions also contains a similar list, whereby the following persons are deemed administrators of a bank: Board members, members of the executive body, members of the Audit Committee, Chief Accountant, Head of a Branch Office, and who by virtue of law or on the basis of the Charter may assume obligations on behalf and at the expense of the respective entity.</p>	<p>Art. 4 of the Law on Entrepreneurial Activity and Enterprises;</p> <p>Art. 3 of the Law on Financial Institutions;</p> <p>Art. 73 of the Law on Joint Stock companies;</p> <p>Art. 183 of the Criminal Code;</p> <p>Art. 124 of the New Criminal Code.</p>	<p>Moldovan legislation does not contain a precise definition of the term “director” or “administrator”. The definition given by us was deduced from analysis of various normative acts governing legal relationships in the domain of corporate administration.</p>
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<p>3. Does the regulatory framework stipulate positive qualifications for a person to be appointed as a director? If yes, what are these qualifications?</p>	<p>Such positive qualifications are set only for directors of commercial banks, who shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. have impeccable business reputation;</li> <li>2. have a higher education degree;</li> <li>3. working experience in administrative positions in economic or financial field.</li> </ol> <p>Special requirements are set for certain categories of bank directors. Thus:</p> <ol style="list-style-type: none"> <li>1. members of the Audit Committee shall have working experience in the field of accounting and control, shall know accounting in banks, legislation of the Republic of Moldova and regulations of the National Bank of Moldova;</li> <li>2. Chairman, Vice-Chairman and members of the executive body shall hold a higher education degree in the financial-economic field and at least 5 years of working experience in the banking sector;</li> <li>3. Chief Accountant shall hold a higher education degree in the financial-economic field, at least 3 years if working and shall be able to execute financial and other reports for the National Bank of Moldova.</li> </ol> <p>Legislation does not provide for any other positive qualifications for directors of other types of companies.</p> <p>There are certain legal organisational forms</p>	<p>Regulation on Exigencies Set for Directors of Banks;</p> <p>Art. 6 of the Law on Investment Funds;</p> <p>Art. 25 of the Law on Investment Funds;</p> <p>Art. 18 of the Law on Financial-Industrial Groups.</p>	
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<p>4. Does it stipulate conditions under which a person cannot be appointed as a director? If yes, what are these conditions?</p>	<p>The conditions under which a person cannot be appointed as a director are set in the legislation and may be classified in general and special conditions.</p> <p><i>General conditions, set for all officers of a joint stock company are as follows:</i></p> <p>The following persons cannot serve as officers of a joint stock company:</p> <ol style="list-style-type: none"> <li>1. state officers exercising control over the company's activity;</li> <li>2. persons who are prohibited to hold the respective positions by a court decision;</li> <li>3. persons with criminal record;</li> <li>4. persons with limited legal capacity.</li> </ol> <p><i>General conditions set for Board members and members of the executive body are as follows:</i></p> <p>The following persons cannot serve as members of the Board and directors of a joint stock company:</p> <ol style="list-style-type: none"> <li>1. persons with limited legal capacity;</li> <li>2. persons who committed certain types of crimes.</li> </ol> <p><i>Special conditions set for Board members:</i></p> <p>The following persons cannot serve as members of the Board of a joint stock company:</p>	<p>Art. 73 of the Law on Joint Stock Companies;</p> <p>Law on Joint Stock Companies;</p> <p>Art. 19 of the Law on Financial Institutions;</p> <p>Art. 10 of the Law on Investment Funds.</p>	
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<p>5. What is the required board structure?</p>	<p>The structure of the administrative bodies of joint stock companies (including banks, investment funds) is as follows:</p> <ol style="list-style-type: none"> <li>1. Board of Directors;</li> <li>2. Executive Body;</li> <li>3. Audit Committee.</li> </ol> <p>The structure of the administrative bodies of a commodity exchange is as follows:</p> <ol style="list-style-type: none"> <li>1. Committee of the Exchange;</li> <li>2. Executive Body of the Exchange (Board of Directors of Manager);</li> <li>3. Commissions of the Exchange.</li> </ol> <p>The Board of Directors may not be formed of less than 3 members, of which one shall be appointed President of the Board.</p> <p>Administrative bodies of financial-industrial groups are as follows:</p> <ol style="list-style-type: none"> <li>1. Board of Directors;</li> <li>2. Central Company of the financial-industrial; group.</li> </ol> <p>Administrative body of a limited liability company is Administrative Committee.</p>	<p>Law on Joint Stock Companies;</p> <p>Art. 20, 21, 22 of the Law on Commodity Exchange;</p> <p>Art. 17, 18 of the Law on Financial-Industrial Groups;</p> <p>Regulation of Economic Entities.</p>	
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<p>6. Does your company law prescribe a unitary or dual board structure consisting of a supervisory and a management board/director?</p>	<p>Joint stock companies shall mandatory have a Board of Directors as well as an executive body, except that joint stock companies with less than 50 shareholders may avoid the need of forming a Board of Directors (in such cases the powers that would otherwise be attributable to the Board will be carried out by the general meeting of shareholders).</p> <p>Limited liability companies shall have an Administrative Committee, which shall exercise the supervisory and administrative powers. In case if a limited liability company has a small number of shareholders, the existence of Administrative Committee is not necessary: in this case there will be only a manager.</p>	<p>Art. 7 of the Law on Joint Stock Companies.</p>	
<p>7. If the company law prescribes a dual board structure, or if this is common practice in the articles of association, please respond to the following questions:</p>			
<p>7.1.Is a dual board structure compulsory or not?</p>	<p>Dual board structure is compulsory for joint stock companies with 50 and more shareholders.</p>	<p>Art. 7 of the Law on Joint Stock Companies.</p>	
<p>7.2.If not</p>	<p>Yes.</p>		

<p>compulsory, can the use of a dual board structure be established in the articles of association?</p>			
<p>7.3.If so, is this option commonly used?</p>	<p>The Board of Directors are more common for larger companies. Smaller joint stock companies and limited liability companies prefer to avoid the need for such body, as usually same people are meeting in the general meeting of shareholders and in the Board of Directors.</p>		
<p>7.4.What are the duties of the supervisory board?</p>	<p>The Supervisory Board has the following exclusive powers:</p> <ol style="list-style-type: none"> <li>1. adoption of the decision on convocation of the general meeting of shareholders;</li> <li>2. approval of the market value of the assets representing the object of a significant transaction;</li> <li>3. adoption of the decision to enter into transaction amounting to more than 25% and less than 50% of the value of the assets of the company or voting shares and other convertible securities of the company constituting more than 25% and less than 50% of all issued shares of the company, unless the Charter of the company provide that such decision should be taken by the general meeting</li> </ol>	<p>Article 65 of the Law on Joint Stock Companies.</p>	<p>The powers of the Board cannot be delegated to any other person.</p> <p>If the Board is not formed or its powers expired then all the powers of the Board, except those of preparation and organization of the General Meeting of Shareholders shall be exercised by the General Meeting of Shareholders.</p>

	<p>of shareholders;</p> <ol style="list-style-type: none"><li>4. conclusion of the management agreement with the managing organisation of the company;</li><li>5. approval of the registrar of the company and of the remuneration for the registrar's services;</li><li>6. adoption of the decision on capital increase not exceeding 50% by way of increase of the value of the issued shares and/or of additional issue of shares, and respective amendment of Charter of the company;</li><li>7. approval of the prospectus of the additional issue of shares, of the results of the additional issue of shares, and of the respective amendments to the Charter of the company;</li><li>8. adoption throughout a fiscal year of decisions regarding the distribution of net profits, use of the reserve and additional funds, and of the sources from the special funds of the company;</li><li>9. submission to the general meeting of shareholders of the proposals on the payment of annual dividends and adoption of the decisions on payment of interim dividends;</li></ol>		
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	<p>10. approval of payroll norms for the employees of the company;</p> <p>11. adoption of decisions on joining of business associations by the company.</p> <p>Furthermore, the Charter of the company or the decision of the general meeting of shareholders may set forth the following additional powers of the Supervisory Board:</p> <ol style="list-style-type: none"><li>1. approval of the priority directions of the company's activity;</li><li>2. approval of the forms of notification to the shareholders on convening of the general meeting and of the manner of submission of materials for the agenda of the general meeting to shareholders;</li><li>3. approval of the regulation of the executive body of the company and of decisions on appointing of the chief executive officer or premature termination of his/her powers, on setting of his/her salary, remuneration and compensation, on liability of the chief executive office;</li><li>4. approval of quarterly reports of the executive body;</li><li>5. approval of the decision on opening,</li></ol>		
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	<p>transformation or liquidation of branches and representation offices of the company, on appointing and dismissal of the managers of branches and representation offices.</p> <p>The Board represents the shareholders in the period between General Meetings exercises the general administration and control over the activity of the company.</p> <p>The Supervisory Board is obliged to submit to the general meeting of shareholders an annual report on its activity and on the activity of the company.</p>		
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<p>7.5.What are the duties of the management board?</p>	<p>The Management Board shall:</p> <ol style="list-style-type: none"> <li>1. ensure execution of the decisions of the general meeting and the Board of Directors;</li> <li>2. prepare and hold general meetings of shareholders, if the powers of the Board of Directors have expired and a new Board of Directors was not formed yet.</li> </ol> <p>In case of financial-industrial groups, where the powers of the executive body shall be exercised by the central company of the financial group, such central company shall:</p> <ol style="list-style-type: none"> <li>1. represent the members of the financial-industrial group in matters connected to the activity of the group;</li> <li>2. exercise day-to-day administration of the financial-industrial group;</li> <li>3. keep accounting records and prepare reports;</li> <li>4. prepare financial consolidated reports of the financial-industrial group on the basis of the reports by the members of the group; filing of annual reports and reports on the activity of the group;</li> <li>5. carry out banking operations on behalf of the members of the group;</li> <li>6. effecting of fiscal and other payments.</li> </ol> <p>There are also specific powers of the executive body of investment funds – fiduciary manager. Thus, the powers of the</p>	<p>Art. 69 of the Law on Joint Stock Companies;</p> <p>Art. 17 of the Law on Investment Funds;</p> <p>Art. 19 of the Law on Financial-Industrial Groups.</p>	
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<p>8. Are there any legal requirements as to the composition of the board(s). If yes what are these requirements:</p>			
<p>8.1. in terms of size?</p>	<p>In a joint stock company the Board shall consist of at least three members, and in case of joint stock companies with 50 and more shareholders – not less than five members.</p> <p>The minimum number of Board members in an investment fund shall not be less than five.</p>	<p>Art. 66 of the Law on Joint Stock Companies.</p> <p>Art. 10 of the Law on Investment Funds.</p>	
<p>8.2.in terms of qualifications?</p>	<p>The Moldovan law does not set any requirements as to the educational background, qualifications or nationality of a Director, the only limitations are those set for persons who cannot serve on the Board.</p> <p>The law does, however, provide for certain requirements to be met by directors of a bank, as more fully described herein above.</p>		
<p>8.3. in terms of seats designated to specific shareholders or constituents, including labour representatives?</p>	<p>Shareholders of a joint stock company shall form majority, unless the Charter provides otherwise. Members of the executive body and employees of a joint stock company may be elected to serve on the Board, provided that they do not form majority of Board members.</p>		

	In case of the Administrative Board of a financial-industrial group, all of its members shall be representatives of the group members.		
9. Does the legislation prescribe the use of independent directors?	Moldovan legislation does not prescribe for the use of independent directors.		
9.1.If yes, how is independence defined?			
9.2.What are the exact provisions regarding their appointment?			
9.2.Is a concrete number or percentage of independent directors required?			
10. Is a distinction made between non-executive directors and independent directors? If yes, please describe.	There is no such distinction.		
11. Is there a limit as to how many boards an	The general restriction set for all joint stock companies is that one person may serve on	Art. 66 of the Law on Joint Stock Companies;	

<p>individual can be represented on?</p>	<p>five Boards of the joint stock companies registered in the Republic of Moldova. Also, one person cannot serve on the Board of more than one Moldovan commercial bank.</p> <p>There is also another restriction applicable to joint stock companies with participation of state's capital. Representative of the state may serve on the Board of only one company.</p>	<p>Art. 19 of the Law on Financial Institutions.</p>	
<p>12. What are the rules and procedures for</p>			
<p>12.1. nominating,</p>	<p>Holders of more than 5% of shares are allowed to propose candidates for Board membership. Such nominations must be made in writing, at least 20 days prior to the holding of the general meeting of shareholders, must include a biographical statement of the candidate, and a statement signed by the candidate agreeing to exercise the respective position in the event of its election.</p>	<p>Art. 25, 52 of the Law on Joint Stock Companies</p>	
<p>12.2. electing and</p>	<p>Board members shall be elected by the General Meeting of Shareholders.</p> <p>A list of candidatures shall be presented to the General Meeting. The number of such candidatures, including the reserve shall exceed the number of Board members to be elected.</p> <p>The decision on election of Board members</p>	<p>Art. 52, para 10, Art. 66 of the Law on Joint Stock Companies.</p>	

	<p>shall be adopted by two-thirds of the votes of the present shareholders or by cumulative vote of the present shareholders, if the number of shareholders exceeds 50, or if such cumulative vote is provided in the Charter of the company.</p> <p>The cumulative vote implies that each voting share shall represent the number of votes equal to the total number of Board members to be elected. Shareholder may either vote all of its votes for one single candidature, or equally or otherwise distribute its votes between several candidatures.</p> <p>The candidature who received the greater number of votes shall be elected as Board member.</p>		
<p>12.3. removing board members?</p>	<p>Powers of the Board members may terminate in case of:</p> <ol style="list-style-type: none"> <li>1. expiration of the election term and election of a new Board;</li> <li>2. premature termination of the Board's powers;</li> <li>3. resignation.</li> </ol> <p>Powers of any Board member may also be terminated by the decision of the General meeting of Shareholders. If the Board was</p>		

	<p>elected by cumulative vote, such decision on premature termination of powers may be adopted only in regard of all Board members.</p>		
<p>13. Does the regulatory framework stipulate a maximum election term?</p>	<p>Moldovan legislation sets a one year term for Board members, who may be re-elected for an unlimited number of times.</p>	<p>Article 66, para. 1 of the Law on Joint Stock Companies.</p>	
<p>14. For how long are board members generally elected?</p>	<p>Pursuant to the law, Board members shall be elected for a one-year term.</p>		
<p>15. Are all board members re-elected at the same time or are staggered terms allowed?</p>	<p>All Board members shall be re-elected at the same time.</p>		
<p>16. Does the regulatory framework specify the role of the Chairman? If so, what are the main duties of the Chairman?</p>	<p>Chairman of the Board shall conduct the activity of the Board. Thus, the Chairman shall:</p> <ol style="list-style-type: none"> <li>1) convoke and preside meetings of the Board;</li> <li>2) sign labour agreements with the Board members and the head of the executive body.</li> </ol>	<p>Art. 67, para. (2) of the Law on Joint Stock Companies.</p>	

	The rest of the powers of the Chairman of the Board shall be set in the Regulation of the Board.		
17. Does it require the separation of Chairman and Chief Executive Officer?	<p>Chairman of the Board may not serve as the head of the executive body.</p> <p>Powers of the Board, including the powers of the Chairman of the Board may not be delegated to the executive body, or to the head thereof, with the following exception : if the Board has not been formed yet or if its powers have expired, the executive body shall prepare and organize the General Meeting of Shareholders.</p> <p>In the absence of the Chairman of the Board, its powers shall be exercised by its Deputy or one of the Board members.</p> <p>The rules described herein above are subject to the following exception: in the Administrative Committee of a limited liability company the Chairman of the said Committee is also the Manager of the company.</p>	<p>Art. 65, para (4); Art. 67, para (3) and (4); Art. 69, para (3) of the Law on Joint Stock Companies;</p> <p>Art. 95 of the Regulation on Economic Entities.</p>	
18. Does the regulatory framework prescribe the formation of any special purpose committees within the board:	<p>The law does not provide for mandatory creation of any specialised committees within the Board.</p> <p>Such specialised committees are necessary in case of commodity exchanges. Thus, the</p>	<p>Art. 22 of the Law on Commodity Exchange.</p>	

	following types of committees may be instituted within a commodity exchange: committee for control, audit committee, financial committee etc.		
18.1. audit committees?	Audit Committee is not included in the Board, but rather a separate controlling body of a joint stock company, subordinated to the General Meeting of Shareholders.		
18.2. remuneration committees?	The law does not specifically provide for remuneration committees.		
18.3. or nomination committees?	The law does not specifically provide for nomination committees.		
19. If so, what are the requirements for such special purpose committees?			
19.1. audit committees?	<p>Audit Committee shall consist of an uneven number of members elected or appointed by the General Meeting. Members of the Audit Committee shall be subject to the same restrictions as those set for Board members and members of the executive body as described herein above.</p> <p>In addition to the said restrictions members of the Audit Committee may not be members of the Board, executive body or accountants of the company.</p> <p>There are also certain requirements</p>	Art. 71, 72 of the Law on Joint Stock Companies.	

	regarding the professional qualities of the members of the Audit Committee: knowledge of accountancy, financial or economical skills. At least one of the members of the Audit Committee shall be accountant or auditor. Member of the Audit Committee acting as accountant is not required to be a representative of a shareholders, while the rest of the members shall meet such requirement, save the case when powers of the Audit Committee are exercised by an independent audit organisation.		
19.2. remuneration committees?			
19.3. or nomination committees?			
20. And what are their respective functions:			
20.1. audit committees?	Audit Committee exercises the functions of control of the financial and economic activity of a joint stock company. Such control may be ordinary, carried out annually, or extraordinary carried out as many times as necessary.		
20.2. remuneration committees?			
20.3. or			

nomination committees?			
<p>21. For example, are there provisions concerning the size of board remuneration and the possibility to offer stock options to board members?</p>	<p>The amount of the remuneration of the Board members set by the General Meeting of Shareholders at the date of election of the Board. Such amount shall be included in individual labour agreements concluded with Board members. Besides salaries, Board members may also receive supplements, compensations, benefits and premiums, based on the profit obtained by the company and contribution of the Board members to obtaining of such profit. The conditions for such supplements, compensations, benefits and premiums shall be set by the General Meeting of Shareholders and included in the decision of the General Meeting and/or individual labour agreement.</p> <p>Neither the labour legislation, nor the legislation on corporate governance set a fixed amount of remuneration of Board members.</p> <p>In case of state enterprises and joint stock companies with participation of state's capital, the state's representatives in the administrative bodies of such companies as well as other members of the administrative bodies may be paid monthly benefits in the amount of up to three average salaries (the amount of "average salary" is determined</p>	<p>Art. 22 of the Law on Salaries.</p>	

	<p>from time to time by a decision of the Government of the Republic of Moldova, and as of this date constitutes about Euro 60).</p> <p>The legislation does not set any restrictions regarding the amount of remuneration of the Board members.</p>		
22. How is the form and level of board remuneration decided?	By resolution of the general meeting of shareholders. Many entities, especially the ones with a smaller number of shareholders, do not practice the remuneration of Board members.		
23. Is this done by the general meeting or through other procedures?	Such remuneration is in the exclusive competence of the General Meeting of Shareholders. The decision on the amount and form of remuneration shall be adopted by a two-third vote of the shareholders represented at the General Meeting.	Art. 50, para (3), subpara c) of the Law on Joint Stock Companies .	
24. To whom is the board primarily responsible?	The Board shall be subordinated to the General Meeting of Shareholders.		
25. Is it clearly stipulated that the board's duty is to serve in the interest of all	The Law on Joint Stock Companies expressly provides that the Board members represent the interests of shareholders in between the general meetings.	Art. 65, para (1) of the Law on Joint Stock Companies.	

shareholders?			
26. What is the's field of competence and how is it expressed in the regulatory framework?			
(For example: "The board is responsible for the organisation of the company and management of its affairs, while the managing director is responsible for the day-to-day business").	Within the limits of its competence, the Board shall carry out general administration of the company. The executive body shall carry out the day-to-day administration of the company, with the exception of issues included in the competence of the Board or General Meeting of Shareholders.	Art. 65, para (1) and Art. 69, para (1) of the Law on Joint Stock Companies.	
27. Is the division of power between the board and the management clearly specified in the regulatory framework? If yes, how?	The Law on Joint Stock Companies specifies the exclusive list of powers of the Board, which cannot be delegated to the executive body.  Special competence of the executive body shall include the powers, which are not specific to the General Meeting of Shareholders and the Board. The powers of the executive body shall be set in the Charter of the company, the regulation on the executive body and shall be in compliance with the applicable legislation.	Art. 65, 69 of the Law on Joint Stock Companies.	

28. What are the general board responsibilities?			
28.1. Are boards responsible for the appointment of the key executive positions of the company?	The Boards usually appoint the executive management, such as the general director and its deputies, the executive committee and/or the management organization. The Board shall also confirm the candidature of the registrar of the company.		
28.2. Are boards responsible for supervising and reviewing their performance and remuneration?	<p>Pursuant to the applicable legislation, supervising of performance of an officer shall be done by the body, which appointed/elected the respective officer.</p> <p>In case of appointment of the officers of the company by the Board, the Board shall be responsible for supervising of their performance and the amount of their remuneration. In case of appointment/election of the officers by the General Meeting of Shareholders, the General Meeting of Shareholders shall supervise their activity. Supervising may be carried out by the executive body, if the respective officers are appointed by an order thereof.</p> <p>This rule shall be also applicable in case of supervising of the performance of the executive body, which is subordinated to the Board and the General Meeting of</p>	Art. 50, para (4) of the Law on Joint Stock Companies.	

	<p>Shareholders.</p> <p>Decisions on appointment of the head of the executive body or on termination of the powers thereof, on determination of the amount of its remuneration, annual remuneration and benefits, on liability or release from liability of the head of the executive body, decision on approval of the quarterly reports submitted by the executive body shall be adopted by the General Meeting of Shareholders or by the Board, depending on the provisions of the Charter.</p>		
<p>28.3. Are boards required to periodically report to shareholders the status of the company affairs?</p>	<p>The administrative bodies of the company (Board, executive body and the Audit Committee) shall submit annual reports on their activity and operation of the company.</p> <p>The Board and the Audit Committee shall submit annual reports to the General Meeting of Shareholders. The executive body shall submit quarterly reports either to the General Meeting of Shareholders or to the Board as provided by the Charter of the company.</p>	<p>Art. 65, para (5) of the Law on Joint Stock Companies.</p>	
<p>29. Does the regulatory framework specify the fiduciary duties of the board?</p>	<p>The regulatory framework does not set any specific fiduciary duties of the Board, except for the general corporate principle that all the corporate officers of any entity must act in the best interests of such entity.</p>		

30. Are specific duties of the board prescribed vis-à-vis:			
30.1. the shareholders?	<p>The Board shall have the following obligations before the shareholders:</p> <ol style="list-style-type: none"> <li>1. to represent the interests of the shareholders;</li> <li>2. to convoke General Meeting of Shareholders;</li> <li>3. to make offers regarding payment of dividends and to decide on payment of intermediary dividends;</li> </ol>		
30.2. the company as such or	<p>The Board shall have the following obligations before the company:</p> <ol style="list-style-type: none"> <li>1. to decide on increase of the share capital of the company, in cases set by the law;</li> <li>2. to approve the payroll of the personnel of the company;</li> <li>3. to decide on joining by the company of unions or associations;</li> </ol>		
30.3. or society at large?			
31. Does the regulatory framework prescribe specific duties of skill? If yes, please describe.	<p>The duties of the Board are described in Subsection 7.4. above. The regulatory framework does not set any specific skills of Board members, save the positive qualifications described in Section 3 above.</p>		

<p>32. Or fiduciary duties? If yes, please describe.</p>	<p>Moldovan legislation does not provide for such fiduciary duties, save the obligation of officers to act in the interests of the company and not to participate in the capital and/or activity of competing companies, unless otherwise provided by legislation, decision of General Meeting of Shareholders or decision of the Board.</p>	<p>Art. 73, para 3 of the Law on Joint Stock Companies.</p>	
<p>33. Are any administrative duties of directors specified? If yes, please describe.</p>	<p>Moldovan legislation does not set any administrative duties of directors, save conclusion of agreements with a management organisation to act as executive body of the company, and cases, when, pursuant to the Charter of the company, appointment/election of the executive body shall be done by the Board.</p>		
<p>34. Are there any provisions on consequences of breach of duty?</p>	<p>Pursuant to the applicable legislation, corporate offices shall bear material and other liability for damages caused to the company in accordance with the Law on Joint Stock Companies, criminal, administrative and labour laws.</p> <p>In case of adoption of decisions violating the applicable legislation, the officers who adopted such decisions shall bear joint material liability in the amount of the caused damage. This provision does not apply to officers who voted against adoption of the said decisions and such votes are duly recorded in the minutes of the respective meeting.</p>	<p>Art. 74 of the Law on Joint Stock Companies.</p>	

35. Are:			
35.1.Criminal	<p>Board members shall bear criminal liability for the following crimes:</p> <ol style="list-style-type: none"> <li>1. Excess of authority or excess of powers, i.e. committing by an officer of certain acts which evidently exceed its respective competence granted by virtue of law, if such excess of authority caused considerable damage to public interests or to the lawful rights and interests of natural persons and legal entities;</li> <li>2. Failure to fulfil or undue fulfilment of its duties due to negligence, provided that such failure to fulfil or undue fulfilment caused considerable damage to public interests or to the lawful rights and interests of citizens;</li> <li>3. Excess of authority or excess of powers, i.e. intentional use by an officer of its powers in breach of its duties, if such excess of authority caused considerable damage to public interests or to the lawful rights and interests of natural persons and legal entities;</li> <li>4. Bribery;</li> <li>5. Violations committed at issuance of securities by including in the issuance prospectus or in other documents, on the</li> </ol>	<p>Art. 184, 185, 186, 187, 187.1, 189.1 of the Criminal Code.</p>	<p>The formulation of the respective crimes imply that they are applicable to officers. Pursuant to the provisions of the applicable Criminal Code, an officer is a person employed at a public authority, enterprise, institution, organisation, regardless of the type thereof, who, by virtue of law, due to appointment, election or authorisation, is temporarily or permanently granted certain rights and obligations for purposes of exercising of powers of such public authority, of administrative, organisational and economical powers.</p> <p>The New Criminal Code, distinguishes the definition of officer activating within a public authority, as well as state enterprises and organisations, and officers administrating a commercial organisation, public association or other non-governmental institution.</p> <p>Based on such differentiation, certain compositions of crime now require a specific subject – person managing a commercial organisation.</p> <p>Thus, the person managing a commercial organisation may be held criminally liable for committing of the following crimes:</p>

	<p>basis of which a security issuance is registered, of false or erroneous information, approval of the issuance prospectus containing intentional false or erroneous information, as well as approval of results of an intentionally false issuance, if such violations were committed after application of administrative sanctions or if they caused damages to investors.</p>		<ol style="list-style-type: none"><li>1. Bribery;</li><li>2. Excess of authority (use of the occupied position for material interest or other personal interest, provided that such use caused considerable damage to public interests or to the lawful interests of natural persons and legal entities);</li><li>3. Excess of powers (provided that such excess caused considerable damage to public interests or to the lawful rights and interests of natural persons and legal entities);</li><li>4. Violations committed at issuance of securities (even though this composition was included in the category of economic crimes, the subject of the crime is also specific, i.e. an officer activating at an enterprise, having the authority to execute and approve issuance prospectus, as well as to approve the results of the issuance).</li></ol> <p>In order to incur criminal liability the New Criminal Code provides for such conditions as causing of considerable damages (in the amount of MDL 5,000 or USD 360) to the public interests or to the lawful interests of natural persons and legal entities.</p>
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			Please note that for such crime as bribery occurrence of negative consequences is not necessary. Another exception from the general rule is committing of violations at issuance of securities: this crime implies causing of damages in large proportions (MDL 10,000 or USD 720).
35.2.Administrative or	<p>Board members shall bear administrative liability for the following violations:</p> <ol style="list-style-type: none"> <li>1. Violations committed at issuance of securities by including in the issuance prospectus or in other documents, on the basis of which a security issuance is registered, of false or erroneous information, approval of the issuance prospectus containing intentional false or erroneous information, as well as approval of results of an intentionally false issuance; submission of false information or concealment of information requested by the National Securities Commission in the process of registration of issuance or issuance prospectus, as well as concealment of the issuer's decisions which lead to amendment of information previously entered in the state securities register.</li> <li>2. Failure to convene General Meeting of Shareholders of the company or failure to observe the terms set for such convocation by the applicable legislation or by the Charter of the company; intentional</li> </ol>	Art. 162.4, 174.16, 174.17 of the Code on Administrative Violations;	

	<p>concealment by officers of a commercial company of information on the financial and economic activity of the company, as well as other information which is to be supplied to the shareholders pursuant to the applicable legislation or the Charter of the company, provided that such concealment did not cause considerable damage; violation by officers of the company of the manner of conclusion of considerable transactions, of transactions with the conflict of interest or other transactions;</p> <p>3. Protectionism exercised by act or omission of the officer for purposes of protection of interested persons, various types of support, regardless of the motives of such officer, which do not constitute a composition of crime.</p>		
<p>35.3.Civil liabilities for breach of duty imposed?</p>	<p>Officers shall be liable for caused damage pursuant to the provisions of the labour law. Labour law provides that material liability shall occur regardless of the fact whether or not the respective officer has been imposed criminal or administrative charges.</p> <p>Officers shall bear material liability in case of:</p> <ol style="list-style-type: none"> <li>1. intentional causing of insolvency of the company;</li> <li>2. intentional distortion or concealment of information on economic and financial</li> </ol>	<p>Art. 74 of the Law on Joint Stock Companies.</p>	

	<p>activity of the company, as well as other information which is to be disclosed to creditors, shareholders and public authorities by virtue of law;</p> <p>3. dissemination of false or erroneous information, use of procedures which lead to the change of rating of the company's securities to the disadvantage of the company;</p> <p>4. failure to convene General Meeting of Shareholders, thus violating the applicable legislation or the Charter of the company;</p> <p>5. payment or failure to pay dividends, interest or other income on bonds, thus violating the applicable legislation, the Charter of the company or the decision on issuance of shares or bonds;</p> <p>6. purchase with the company's funds of securities of other issuers at prices, which are evidently greater than the market value of such securities or sale of the company's securities at the prices, which are evidently lower than the market value of such securities, to the disadvantage of the company;</p> <p>7. direct or indirect use of the company's assets for personal material interests or for the material interests of third parties;</p>		
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	<p>8. failure to observe the manner of modification of the share capital of the company;</p> <p>9. failure to observe the manner of conclusion of considerable transactions and/or transactions with the conflict of interest.</p>		
36. Are there legal provisions mandating the representation of shareholders on boards? If yes, please describe.	Shareholders must constitute the majority of the Board members, unless otherwise provided by the Charter of the company.	Art. 66, alin. (3) of the Law on Joint Stock Companies.	
37. How is the directors access to information regulated:			
37.1. Do directors have the explicit right to inspect corporate accounts?	The legislation does not expressly provide for the right of directors to inspect corporate accounts, but they do have this right. The directors are entitled to get access to any corporate information that should allow them to better fulfil their duties.		
37.2. What other rights are specified in this respect?	The applicable legislation does not specifically regulate the right of directors to access information. Such rights may be set in the constitutive documents of the company and internal regulations.		
38. What are the	Board meetings may be either ordinary or	Art. 68 of the Law on Joint	

<p>requirements in terms of board meetings?</p>	<p>extraordinary. Ordinary meetings shall be convened at least once every three months. Board members may meet in extraordinary meetings as many times as deemed necessary. Extraordinary meetings shall be convened by the Chairman of the Board. The following persons may request convocation of extraordinary meetings: Chairman of the Board, any Board member, shareholders holding at least 5% of the voting shares of the company, Audit Committee or audit organisation serving the company, executive body of the company.</p> <p>Board meetings may be held in presence form, via correspondence or in a mixed form.</p> <p>Board meetings shall have quorum if at least one have of the Board members are present at the meeting.</p> <p>Decisions of the Board shall be adopted by the majority vote, save the decisions on share capital increase, which shall be adopted by unanimous vote.</p> <p>Each Board member is entitled to one vote. Voting right of Board members cannot be delegated to third persons, as Board membership is considered to be a personal appointment.</p> <p>The business transacted at each Board</p>	<p>Stock Companies.</p>	
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	<p>meeting shall be recorded in the minutes of the meeting. Each copy of such minutes shall be signed by the Chairman of the Board or its Deputy, the Secretary and one more member of the Board.</p> <p>The legislation confers to shareholders the right to also include in the Charter of the company and the Regulation of the Board other rules regarding the frequency of ordinary Board meetings, quorum, the required number of votes, provided that such rules are consistent with the applicable legislation.</p>		
<b><i>Practical viewpoint on Boards</i></b>			
Please respond and illustrate by using case studies, brief examples and board statistics, as available.			
39. How important is the board in corporate governance in your country?	The importance of the Board in corporate governance is manifested by ensuring of a balance of interests and creating of conditions for proper operation of the company. This mechanism should guarantee and observe the following interests:		

	<ol style="list-style-type: none"> <li>1. Interests of shareholders who invested financial funds in the creation and operation of the company;</li> <li>2. Interests of the company to develop an effective economic capacity, which would result in increase of the company's assets and the company's role on the market;</li> <li>3. State's interests and interests of the society at large, so that the operation of the company would comply with the such interests and applicable legal provisions. At the same time, the administrative and supervisory bodies shall ensure fulfilment by the company of its obligations before the state, such as, financial obligations etc.</li> </ol>		
<p>40. Is the existing legal framework successfully put into practice?</p>	<p>Even though the role of the Board in corporate governance is properly appreciated, there is no official systematisation in the Republic of Moldova, which would allow for a general opinion on organisation and functioning of Boards.</p> <p>In the majority of cases, the rules regarding creation of Boards, determination of their powers in the constitutive documents and internal regulations are observed and fully put into practice. At the same time there are many cases when same people who vote in</p>		

	<p>general meetings are decision-makers in Board meetings, which makes the Board just another form of decision-making by the shareholders, which otherwise could be done through a general meeting.</p>		
<p>41. Are board members enabled to carry out their duties in a professional and informed manner?</p>	<p>They are obliged to do so, but some times conflicts occur between the Board and the executive management.</p>		
<p>42. Do boards fulfil their strategy setting and monitoring functions properly?</p>	<p>We are unable to provide an accurate response to this. In any event, our practice knows cases with an active and professional Board, often formed primarily of foreign nationals, and cases when the Board is only a formal signatory of policy statements prepared by the executive management under the supervision and control of the majority shareholder(s).</p>		
<p>43. Do the boards and board members operate in a transparent fashion, consistent with the intentions of the Assembly General Meeting?</p>	<p>As a rule, the Board's activity is intended to fulfil the decisions of the General Meeting of Shareholders. The Board shall submit activity reports at the end of each financial year. In the majority of the cases the Board activates in a transparent manner. However, especially in the case open joint stock companies with hundreds and thousands of shareholders, the Board in cooperation with the executive management often succeeds in ignoring the rights of many small holders.</p>		

	<p>The activity of the Board shall be transparent not only for shareholders. Pursuant to the Law on Joint Stock Companies, each joint stock company shall submit annual reports to the National Securities Commission, including activity reports of the Board. In accordance with the information published by the National Securities Commission, failure by joint stock companies to timely submit all necessary reports is the most common violation.</p>		
44. The latter question also targets the nomination and remuneration of directors?	<p>The Boards are often nominated and elected by the controlling shareholders. However, sometimes, when necessary to show transparency sometimes, representatives of the employees or small shareholders are also being elected.</p>		
45. Are boards truly independent from management and major or controlling shareholders?	<p>Even though the legislation provides for separation of powers of the Board and executive body, very often the independence of the Board from the executive body, especially from major shareholders, is limited.</p> <p>Pursuant to the information published in the official sources, there are 1,484 joint stock companies in the Republic of Moldova, wherein one of the shareholders holds a 50% block of shares, in 1.223 joint stock</p>		

	<p>companies there are shareholders holding from 25% to 50% of stock, and, practically, every joint stock company has shareholders owning from 5% to 25% of stock. Based on the foregoing and taking into account that Board members often represent major shareholders, we conclude that often Boards are not totally independent. Please also note that, as a rule, the company's executives represent the interests of the major shareholders, or of a group of majority shareholders.</p>		
46. Is cumulative voting used and does it have an impact on enhancing board independence?	<p>Cumulative voting is used to elect the Board, however we are unable to assess so far its impact on the enhancement of the Board independence.</p>		
47. Do boards play an effective role with respect to conflicts of interest, related party or major transactions?	<p>Pursuant to the applicable legislation, the Charter of the company shall vest resolution of conflicts of interest, issues regarding related parties and major transactions either in the competence of the Board or the General Meeting of Shareholders. In case if such powers are vested in the Board, it is an effective instrument for resolution of the said issues.</p>		
48. Do companies have a sufficient number of independent directors?	<p>The directors are usually representing the shareholders.</p>		

49. Do board committees exist and if so, do they fulfil their role?	Our practice does not the existence of Board committees. This however does not mean that these do not exist in Moldova.		
50. Are they instrumental in enhancing board effectiveness?			
51. Do they have sufficient power and resources at their disposal?			
52. Do board members possess adequate qualities and competencies?	We have encountered many Board members with adequate qualities and competencies for the respective position, although this is not necessarily a general rule.		
53. How do companies identify, select and recruit competent directors?	As a rule, the nominees on behalf of various shareholders are the top executives of such shareholders.		
54. Are board members adequately compensated?	Many companies do not compensate their directors. As a rule, however, the directorship remuneration is by far not the main source of income of individual directors.		
55. Are there education and training	A lot of training programs are available for business managers and other executives.		

programmes for directors?	Members of the Board, unless they are executives in their own (shareholder) companies, do not attend training courses.		
56. What are the perceived needs in this respect?	<p>The following would contribute to the development of the said field:</p> <ol style="list-style-type: none"> <li>1. Creation of systemised theoretical, scientific and methodological base for effective training of corporate governance professionals. The educational programs in the national higher education institutions are developed on the basis of foreign practices. As a rule, such practices are specific to the business realities existent in the respective foreign countries, while it is necessary to adopt them to the specifics of the business, economic and social environment of the Republic of Moldova;</li> <li>2. Development of a Code of Professional Conduct for the persons involved in corporate governance;</li> <li>3. Stimulation of interest of the national business entities in improvement of the professional training of the corporate governance professionals;</li> <li>4. Establishment of relationships between local companies and local and foreign</li> </ol>		

	educational institutions for collaboration purposes.		
57. What role do the bilateral and multilateral donors play in assisting such needs?	The donor organizations usually put together seminars and training programs in Moldova and abroad.		
58. What is the profile of board directors? Are there any statistics in terms of their spread among:			
58.1.Financial professionals	A good majority		
58.2.Legal professionals	A few; often serve as Board secretaries		
58.3.Retired industry leaders	A fair number		
58.4.Retired senior government officials	A fair number		
58.5.Other			
59. Do professional associations exist and what is their role in enhancing professionalism and board ethics?	So far the role is insignificant, in our opinion, although it may have an impact in the long-term.		

60. Please provide statistics, as available, or describe trends, regarding:			
60.1.Average size of boards of directors?	3 to 9 members		
60.2.Average number of executive board members.	1 to 5 members		
60.3.Average number of non-executive (independent) board members?	-		
60.4.Number of companies with:			
- audit committee	All joint stock companies		
- compensation/re-muneration committee	-		
- nomination committee	-		
- other committees	-		
60.5.Average size of committees:			

- audit committee	3 to 5 members		
- compensation/re muneration committee	-		
- nomination committees	-		
- other committees	-		
60.6. Attendance of directors meetings?	Good (not excellent, and not unsatisfactory)		
60.7. Average number of directors meetings per year?	2 to 4		
60.8. Average board remuneration?	Would say about USD 500 per member per year, if remunerated.		
60.9. Number of companies with board training programmes?	Unaware		

<b>Stakeholders</b>			
Please provide a description of the regulatory framework together with some empirical illustrations	<p><u>The concept of corporate administration in the Republic of Moldova is only starting to develop, thus, the corporate administration principles common to jurisdictions with a developed corporate culture are not yet sufficiently implemented. The relationship between stakeholders and the company in general and the Board in particular is not specifically regulated in order to emphasize the influence of such relationship on the manner and type of corporate administration. The regulation of the said relationship results more from the necessity of regulation of rights of each category of stakeholders and of the mechanism of legal protection of their rights. The existent relationship between the company and its employees, consumers, investors (who very often are also shareholders of the respective companies), creditors and suppliers is governed by specialized normative acts. Thus, the legislative framework indicated in the previous section is generally applicable to the issues raised in the present section.</u></p>		
61. Please describe which legal acts define the role and rights of shareholders and in what respective terms:			
61.1.company	The JSC Law defines the term “shareholder”	Art. 24, 25, 26 of the Law on	State public authorities may become

<p>law</p>	<p>as any person who has legally acquired one or more shares in a company. In case of acquisition of one share by two or more persons, such persons are deemed as one shareholder of the respective company and they may exercise their rights through a representative.</p> <p>Resident or non-resident natural persons and legal entities, apatrides, as well as foreign states and international organisations may become shareholders.</p> <p>Shareholders are entitled to:</p> <ul style="list-style-type: none"> <li>- participate in general meetings of shareholders, elect and be elected for positions in administrative bodies of the company;</li> <li>- familiarise themselves with the agenda of the general meeting of shareholders;</li> <li>- familiarise themselves and make copies of documents available for such purposes pursuant to the legislation, Charter of the company and its internal regulations;</li> <li>- receive their respective dividends depending on the class and number of shares held;</li> <li>- alienate, pledge or transfer their shares in trust;</li> <li>- demand redemption of their shares in cases provided for in the applicable legislation or the Charter of the company;</li> </ul>	<p>Join Stock Companies.</p>	<p>shareholders in certain cases provided for in the applicable legislation.</p> <p>Shareholders holding non-voting shares are entitled to participate in discussion of issues to be included in the agenda of the general meeting of shareholders.</p> <p>Shareholder may authorise a representative or the nominal shareholder to exercise its rights either by means of proxy or on the basis of an agreement. Officers of the company, except members of the Board cannot serve as a representative for the above-mentioned purpose.</p> <p>Shareholders' rights conferred by shares of any class can be modified only by the decision of the general meeting of shareholders.</p> <p>The Charter of the company or the decision on issuance of shares may grant to the shareholders holding voting shares or other securities of the company, convertible into voting shares, the first refusal right in purchase of publicly placed voting shares or other securities of the company, convertible into voting shares.</p>
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	<ul style="list-style-type: none"> <li>- obtain a part of the company's assets in case of its liquidation;</li> <li>- exercise any other rights provided for in the applicable legislation of the Charter of the company.</li> </ul> <p>The JSC Law also sets additional rights for certain categories of shareholders. Thus, shareholders holding 5% of voting shares or more, in addition to the above-mentioned rights, are also entitled to:</p> <ul style="list-style-type: none"> <li>- include issues in the agenda of the annual general meeting of shareholders;</li> <li>- propose candidatures for membership in the Board and Audit Committee;</li> <li>- request the court to liquidate the company in case of failure to form the Board during two or more general meetings;</li> <li>- request convocation of an extraordinary meeting of the Board.</li> </ul> <p>Shareholders holding 10% of voting shares or more, in addition to all the above-mentioned rights, are also entitled to:</p> <ul style="list-style-type: none"> <li>- request determination of the placement price of the company's shares on the basis of a report of an audit or other specialised organisation, which is not affiliated to the company;</li> <li>- request carrying out of extraordinary controls of financial and economic activity of the company;</li> </ul>		
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	<p>- file claims in court for compensation of damages caused to the company by its officers as a result of intentional or gross violation of the applicable legislation.</p> <p>Shareholders holding 25% of voting shares or more, in addition to all the above-mentioned rights, are also entitled to request convocation of an extraordinary general meeting of shareholders.</p> <p>The Charter of the company may also set other additional rights for the above-listed categories of shareholders.</p>		
61.2.labour law	Not regulated		
61.3.environmental law	Not regulated		
61.4.contract law	<p>The Civil Code of the Republic of Moldova does not contain any requirements regarding the legal status of shareholders of a joint stock company.</p> <p>The New Civil Code, sets a number of general provisions regarding the shareholders' rights, in particular:</p> <ol style="list-style-type: none"> <li>1. The right to freely sell shares;</li> <li>2. The right to be informed on the administration and financial state of the company;</li> </ol>	Art. 166, 167, 178, 170 of the New Civil Code.	

	<p>3. Additional rights set for the shareholders holding at least 5% of voting stock:</p> <ul style="list-style-type: none"><li>a) to propose issues for the agenda of the general meeting of shareholders;</li><li>b) propose candidatures for membership in the Board and Audit Committee;</li><li>c) request convocation of an extraordinary meeting of the Board;</li><li>d) request the court to appoint Board members in case of failure to form the Board during two General Meetings Shareholders.</li></ul> <p>4. Shareholders holding at least 10% of voting stock, in addition to all the above-mentioned rights, are also entitled to:</p> <ul style="list-style-type: none"><li>a) request carrying out of extraordinary controls of the activity of the company;</li><li>b) request determination of the placement price of the company's additional issuance shares on the basis of a report of an auditor;</li><li>c) claim, on behalf of the company, compensation of damages caused</li></ul>		
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	<p>by its officers.</p> <p>The New Civil Code also provides for the right of shareholders to receive information of the activity of the company.</p>		
61.5.insolvency law	Insolvency Law provides for the right of shareholders to apply for restructuring of the company and participate in the Restructuring Commission created for purposes of restructuring of the company.	Art. 5, para d, Art. 7, para 2 of the Law on Insolvency.	
61.6.other			
62. What concrete provisions ensure the (proper) protection of stakeholder rights:			
62.1.in the company law	<p>The Law on Joint Stock Companies provides that each shareholder shall be entitled to:</p> <ol style="list-style-type: none"> <li>1. participate in General Meetings of Shareholders, elect and be elected in administrative bodies of the company;]</li> <li>2. familiarise itself with the agenda of General Meeting;</li> <li>3. familiarise itself with and make copies of certain documents of the company;</li> <li>4. receive dividends;</li> <li>5. alienate and pledge its shares or transfer them in fiduciary administration;</li> </ol>	<p>Art. 25, 28 of the Law on Joint Stock Companies;</p> <p>Art. 24, para 5, 38, para 6, of the Law on Financial Institutions;</p> <p><u>The Law No. 845-XII of 03.01.1992 on Entrepreneurial Activity and Enterprises-</u></p>	

6. demand redemption of its shares in case if it was not duly notified of or was prevented from participation in the General Meeting of Shareholders, wherein decisions on inclusion in the constitutive documents of provisions limiting shareholders' rights, conclusion of considerable transactions or re-organisation of the company were approved, or if the respective shareholder voted against such decisions and requested reflection of its vote in the minutes of the General Meeting of Shareholders;
7. receive a portion of the company's assets in case of liquidation of the company.

Shareholders also may delegate their powers on the basis of a proxy.

Rights of shareholders of any class may be amended only by a decision of the general Meeting of Shareholders.

For protection of their rights, shareholders may address to the administrative bodies of the company, National Securities Commission and competent court.

The company is obligated to examine claims and proposals of its shareholders and reply within one month from the date of reception

thereof.

The Law on Joint Stock Companies also provides for judicial redress in case of violation of shareholders rights.

The Law on Financial Institutions also provides for the possibility of suspension of an agreement concluded with the infringement of rules regarding transactions involving conflict of interest. Such suspension shall be done on the basis of a court judgement upon claim of, *inter alia*, one or several of its shareholders.

Pursuant to the said Law shareholders owning at least 25% of bank's shares may contest decision on withdrawal of the bank's license.

In addition to the above rights of shareholders, the rights of other categories of stakeholders are protected by the Law on Entrepreneurial Activity and Enterprises, which among other rights and obligations of business entities sets forth the obligation of business entities to observe the rights of employees, to enter into labour agreements with their employees, to provide social insurance and other types of mandatory insurance, to ensure normal labour conditions, to ensure observance of consumer rights, as well as proper quality of products, produced or commercialised goods

	<p><u>and/or provided services. The said Law also sets forth guarantees and rights of creditors in case of reorganisation or liquidation of business entity.</u></p>		
62.2.in the labour law	<p><u>The Labour Code governs labour relationships between companies and employees. Pursuant to the Labour Code the company wishing to employ an employee is represented by its administration, which, as a rule, is the executive body of the company.</u></p> <p><u>The Law on Trade Unions provides for the right of employees to form unions; the manner of creation and operation of unions of various levels; the control exercised by the unions over the observance of labour legislation.</u></p> <p><u>The Law on Collective Labour (Bargaining) Agreement regulates the procedure and manner of conclusion of collective labour agreements between representatives of employers and unions, setting forth the clauses regarding labour conditions, remuneration of labour, labour protection, rights and obligations arising from labour relationships. Such collective labour agreements, as a rule, are concluded on an annual basis.</u></p> <p><u>The Law on Remuneration of Labour sets forth the rights of employees in the domain of remuneration of labour, state tariffs of labour remuneration for various categories</u></p>	<p><u>The Labour Code of the Republic of Moldova</u></p> <p><u>The Law No. 1129 of 07.07.2000 on Trade Unions</u></p> <p><u>The Law No. 1303 – XII of 25.02.1993 on Collective Labour Agreement</u></p> <p><u>The Law No. 847-XV of 14.02.2002 on Remuneration of Labour</u></p>	

	<p><u>of employees, norms and guarantees of labour remuneration, the manner of determination of the amount of salary, benefits etc.</u></p> <p>-</p>		
<p>62.3.in the environmental law</p>	<p><u>The Law on Environmental Protection sets forth the obligations of business entities regarding the use of natural resources in order to ensure protection of the environment. The said Law confers the right of people to associate in organizations for environmental protection. Each person is entitled to file claims with the competent public authorities for cessation of the activities of business entities, or any other activities, which caused or may cause considerable damage to the environment.</u></p> <p><u>Law on Ecological Examination and Environmental Impact Assessment sets forth the manner of carrying out of ecological examinations of the complex potentially dangerous business activities, which are subject to mandatory ecological examination in order to avoid negative impacts on the environment.</u></p> <p><u>According to the Regulation on the Environmental Audit of Enterprises, public authorities, as well as private individuals (the community), are entitled to initiate environmental audits of the activities of enterprises. In this was, the legislator has attempted to provide for community</u></p>	<p><u>The Law No. 1515-XII of 16.06.2000 on Environmental Protection</u></p> <p><u>The Law No 851-XIII of 29.05.1996 on Ecological Examination and Evaluation of the Impact on the Environment</u></p> <p><u>Regulation No. 395 of 08.04.1998 on Environmental Audit of Enterprises</u></p>	

	<p><u>involvement in the control of the observance of the legislation on environmental protection by Moldovan enterprises.</u></p> <p><u>In any event, the environmental law, practice and community involvement in the settlement of environmental issues is still at a stage of early development. Nevertheless, sometimes the Moldovan environmentalists do manage to influence the corporate decision-making by means of their actions.</u></p> <p>-</p>		
<p>62.4.in the contract law</p>	<p>The New Civil Code provides that shareholders of a joint stock company shall not be liable for the obligations of the company and shall bear risks connected to the company's activity in the amount of their respective shares.</p> <p>Each shareholder shall have the right to freely dispose of its shares in accordance with the applicable legislation.</p> <p>The company is obligated to redeem its shares in case of inclusion in the constitutive documents of provisions limiting shareholders' rights.</p> <p>Each shareholder is entitled to demand redemption of its shares in case if it was not duly notified of or was prevented from participation in the General Meeting of Shareholders, wherein decisions on inclusion in the constitutive documents of</p>	<p>Art. 156, para 3, 166, para 1, para 2, para3 of the New Civil Code.</p>	

	<p>provisions limiting shareholders' rights, conclusion of considerable transactions or re-organisation of the company were approved, or if the respective shareholder voted against such decisions and requested reflection of its vote in the minutes of the General Meeting of Shareholders.</p> <p><u>In addition to regulating the rights of shareholders, the New Civil Code of Moldova also sets forth many other social rules that are applicable in various circumstances to relationships between corporate entities and their stakeholders.</u></p>		
62.5.in the insolvency law	<p>The Law on Insolvency provides for the possibility of restructuring of a company on the basis of a petition of its shareholders and participation of shareholders in the Restructuring Commission created for purposes of restructuring of the company.</p> <p><u>As regards the other stakeholders, then the Law on Insolvency specifically addresses the issue of creditors of insolvent enterprises. This Law governs a number of measures aimed at ensuring and protection of creditors' rights. In this sense, creditors of an insolvent enterprise are entitled to directly participate in adoption and supervision of implementation of key decisions in the activity of the respective enterprise subject to insolvency proceedings.</u></p>	Art. 5, para d, Art. 7, para 2 of the Law on Insolvency.	

	<u>In cases of insolvency, employees are accorded prevailing rights in relation to the rights and claims of other unsecured creditors. Also, representatives of employees are usually included in the Counsel of Creditors in order to participate in the decision-making process.</u>		
62.6.in the other legal acts			
63. Is judicial redress provided for by the existing legal framework? If yes, by which laws and in what terms?	<p>The judicial redress is provided for in the Law on Joint Stock Companies. The provision providing for such redress is rather general and states that “for protection of their rights and lawful interests shareholders may address ... the court” and does not set any specific procedure, so that the general rules of procedure apply.</p> <p><u>The general rules of procedure however are established in the Moldovan Code of Civil Procedure.</u></p>	<p>Art. 28, para 2 of the Law on Joint Stock Companies.</p> <p><u>Code of Civil Procedure.</u></p>	
64. Is redress by means of mediation and arbitration provided for in the current legislation on stakeholders?	<p>The Law on Joint Stock Companies provides for the possibility to address to the administrative bodies of the company or to the National Securities Commission in order to settle the dispute. Nothing however prevents the shareholders from including and making enforceable of <del>Charter</del><u>charter</u> stipulations providing for alternative techniques of resolution of disputes between the shareholders and the company. This</p>	<p>Art. 28, para 2 of the Law on Joint Stock Companies.</p>	

	<p>however is not frequently used in Moldova so far.</p> <p><u>Generally, Moldovan legislation provides for referral to judicial authorities of the disputes, which cannot be resolved by amiable negotiations. In certain cases amiable settlement is mandatory, and in some cases failure to take measures for amiable settlement serves as grounds for rejection of the court action (for instance, in case of disputes occurred between two business entities). In other cases, failure to take the said measures does not impede the plaintiff to directly address to the court.</u></p> <p><u>In any event, arbitration becomes more and more advocated by foreign donor organizations to be used for dispute settlement. One of the most active arbitration practices has been created in the field of agriculture to settle disputes involving private farmers.</u></p> <p><u>Mediation is a quite rate method of dispute settlement in Moldova.</u></p>		
<p>65. Do internal redress procedures for employee rights exist and if yes, please describe?</p>	<p>Pursuant to the labour legislation of the Republic of Moldova, settlement of individual labour disputes at the local level (at the level of the of enterprise), is a mandatory pre-judicial settlement procedure for this type of disputes.</p>		

For this purpose, at the enterprises with the number of employees exceeding 15 there shall be formed internal commissions for settlement of individual labour disputes. In case of enterprises with a smaller number of employees, the individual labour disputes shall be settled in court.

Members of the internal commission for settlement of individual labour disputes shall be appointed by the General Meeting of Employees of the company. The commission shall have the power to resolve the disputes occurred between the administration of the company and employees, in particular those regarding transfer to another position, creation of conditions provided for in labour agreements, working time, free time, annual paid vacation, disciplinary sanctions, remuneration.

The procedure of filing of claims, examination thereof and settlement of disputes is as follows:

The employee has the right to file a claim within one month from the date when he/she learned about the infringement of his/her rights.

All claims on infringement of labour legislation filed by the employees shall be examined by the commission within 10 days

	<p>from the date of their reception. If the dispute is not examined within the said term, the employee shall be entitled to file a court claim. The decision adopted by the internal commission shall be issued within 3 days from the date of its adoption. The decision may be appealed in court within 10 days from the date of delivery thereof to the employee. The decision of the internal commission shall be executed by the administration by the company within 3 days from the date of expiration of the appeal term.</p>		
66. Could you provide examples of cases related to shareholder right violation?	<p>The most frequent violations purport capital increases promoted by majority shareholders that are formalized in a way that [certain] minority shareholders are not even invited at meetings. Many capital increase resolutions and resolutions on other matters are further challenged in court on the basis of improper notification or improper organization of general shareholders meetings.</p>		
67. Could you provide examples of cases of legal redress related to such violations or lack thereof?	<p>The courts often resolve the annul the shareholders decisions that are made with procedural violations, and that are viewed to infringe upon the rights of minority shareholders.</p>		
68. Do performance enhancing mechanisms exist for			

<p>stakeholder participation in corporate governance, such as:</p>			
<p>68.1.employee participation in corporate boards,</p>	<p>There no specific legal provisions on participation of employees in corporate boards. However, such participation is possible in case of ownership by the employees of a minimum of 5% of stock of the respective company.</p> <p>Many large Moldovan industrial entities that have been subjected to the process of privatisation have allowed the employees to privatise (become shareholders of) up to 20% of the capital of such entity.</p> <p>Moldovan legislation provides for participation of employees in administration of the company in the state of insolvency: in this case one of the members of the Creditors Committee of the company subject to insolvency proceedings shall be a representative of employees (if the employees are unsecured creditors of the company).</p> <p><u>In certain businesses (mostly sales and trade) it becomes more and more common for employees to be remunerated out of the profits earned.</u></p>	<p>Art. 71, para 4 of the Law on Insolvency.</p>	
<p>68.2.employee stock ownership plans or</p>	<p>The Law on Insolvency lists acquisition of shares by the employees of an insolvent</p>	<p>Art. 10, para 2 of the Law on Insolvency.</p>	

<p>other profit sharing mechanisms,</p>	<p>company among the procedures used for restructuring of such company's debts.</p> <p>Moldovan legislation does not provide for any other special procedures for transfer of shares to employees or profit sharing mechanisms.</p>		
<p>68.3.creditor involvement in governance in the context of insolvency proceedings?</p>	<p>Creditor involvement in governance of an insolvent company shall be realised through Meeting of Creditors and Creditors Committee elected at the Meeting of Creditors or created by the competent court prior to the first Meeting of Creditors. Meeting of Creditors and Creditors Committee shall work under court supervision, so that any and all decisions of the Meeting of Creditors and Creditors Committee are subject to approval by the court.</p> <p>During the insolvency procedure, the creditors, through their above-mentioned bodies, are entitled to supervise the activity of the administrator of the insolvency proceedings, to decide on issues connected to the insolvency proceedings, to submit to the court proposals on imposing of restrictions in the activity of the company and administration of the its assets.</p>	<p>Law on Insolvency.</p>	
<p>69. How are the stakeholder rights applied in practice?</p>	<p>Application in practice of shareholder rights depend on a number of factors, such as awareness of the shareholders of their rights,</p>		

interest of shareholders in observance of their rights and the number of shares held in the company.

Even though recently there have been certain attempts to inform the public on the legal provisions regarding shareholder rights, many shareholders are not yet fully aware of their legal rights. This especially refers to minor shareholders, employees of state enterprises who acquired their shares in the process of privatisation of such enterprises and their transformation in joint stock companies.

Minor shareholders show little interest in the activity of the company. Very often shareholders fail to attend general meetings of shareholders, which leads to minimisation of their participation in decision-making process. Such disinterest is also manifested in the exercise of the right to request information on the activity of the company.

There is a different situation in application in practice of the shareholder rights of shareholders holding blocks of shares, which confer additional rights. As mentioned herein above, almost each joint stock company in the Republic of Moldova has shareholders holding from 5% to 50% and more of voting stock. There are different conflicts of interest between such shareholders, which often affect the activity

	<p>of the General Meeting of Shareholders.</p> <p><u>As a general comment, the stakeholders' rights are being enforced primarily to the extent of vigour with which the respective stakeholders pursue such enforcement.</u></p> <p><u>Many rights that would be considered inherent to any given stakeholders in a Western jurisdiction need to be actively claimed and enforced in Moldova before they will become a common practice.</u></p>		
70. Does the corporate governance framework recognise the rights of shareholders as established by law?	Yes.		
71. What are the main current pitfalls in addressing their rights by the corporate governance framework?	In our opinion, the corporate laws are fairly good and democratic, but their enforcement and awareness still remains to be a major target for the future.		
72. At this stage of development of the corporate sector, which are the most important stakeholder groups in	The most important shareholders groups are the major foreign corporates (who often tend to acquire controlling stakes), large Moldovan investment funds (that often join around themselves wealthy Moldovan individuals and groups), the Government of		

<p>your country?</p>	<p>Moldova, as well as well-established Moldovan private companies that decide to pursue new businesses by means of buying controlling blocks of shares or establishing new entities.</p> <p><u>As regards the other stakeholders, then the strongest groups, in our opinion, are:</u></p> <ul style="list-style-type: none"> <li>- the Government;</li> <li>- a few larger trade unions and the national federation of Moldovan trade unions; and</li> <li>- a few stronger consumer protection organizations.</li> </ul>		
<p>73. Are institutional investors important shareholders in the corporate governance landscape of your country?</p>	<p>The institutional investors are more methodical in their approach than the individual investors, and they often determine the strategy of their subsidiary companies.</p>		
<p>74. Is there a practice by boards of disclosing how the interest of stakeholders are being protected?</p>	<p>Moldovan legislation does not expressly provide for the obligation of Boards to disclose such information. At the same time, each joint stock company is obliged to annually submit activity reports to the National Securities Commission. Based on the analysis of such reports the National Securities Commission shall determine whether the respective company complies with the provisions of the Law on Joint Stock Companies, including the provisions</p>		

	on protection of shareholders rights.		