



# SOCIETATEA DE INVESTITII FINANCIARE TRANSILVANIA S.A.

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Societate administrată în sistem dualist



No. 833/03.02.2020

To: **Bucharest Stock Exchange**  
**Financial Supervisory Authority**  
- Financial Instruments and Investments Sector

## CURRENT REPORT According to Law no. 24/2017 and F.S.A. Regulation no. 5/2018 Report date: 03.02.2020

S.I.F. Transilvania S.A.

Headquarters: 2, Nicolae Iorga Street, Brasov 500057

Telephone: +40 268 415529, 416171; Fax: +40 268 473215, 473216

Tax registration code: RO3047687

Order number in the Trade Register: J08/3306/92

Registration number in the NSC Register: PJR 09 SIIR/080004

LEI Code (Legal Entity Identifier): 254900E2IL36VM93H128

Subscribed and paid-in share capital: RON 218,428,666.40

Regulated market on which the issued securities are traded: Bucharest Stock Exchange (ticker: SIF3)

### **Important event to be reported: regarding the incompatibility of a Supervisory Board member of S.I.F. Transilvania**

In addition to the Current Reports nos. 513/21.01.2020 and 555/23.01.2020, S.I.F. Transilvania informs that, by Ordinance dated 22.01.2020, issued in File no. 13/II/2/2019 by the Chief Prosecutor of D.I.I.C.O.T. - Constanta Territorial Service the complaint filed by S.I.F. Transilvania against the Ordinance no. 582/D/P/2019 dated 03.09.2019 issued by D.I.I.C.O.T. – Constanta Territorial Service, namely the complaint against the classification order of the file regarding the market manipulation and money laundering criminal offence started against Mr. Constantin Frăţilă was rejected as unfounded; by the same ordinance of 03.09.2019, the settlement of the criminal investigation against Mr. Constantin Frăţilă for the offence of .... **"transferring own shares to other persons, in order to establish a majority in the general meeting of shareholders, to the detriment of other shareholders**, provided by art. 279 para. (1) lit. a) of Law no. 31/1990 with the application of art. 35 paragraph (1) of the Criminal Code ..... and the offense of setting up an organized criminal group, act provided for and punished by art. 367 of the Criminal Code ... " was declined.

Considering the Resolution no. 7/17.01.2020 and the Sentence no. 13/30.01.2020 of the Constanţa Court of Appeal, issued in File no. 8031/2/2018\*, whereby the Court suspended the execution of the F.S.A. Decision no. 1095/13.09.2018 and then annulled said decision, we find that the criminal prosecution against Mr. Constantin Frăţilă did not cease with respect to the offenses of capital market manipulation and money laundering, as the Classification Ordinance is not final and the criminal prosecution for offenses under Law no. 31/1990 and the offense of establishing an organized criminal group continues at the Prosecutor's Office attached to the Constanta Tribunal.

Considering the above, S.I.F. Transilvania finds that Mr. Constantin Frăţilă is incompatible for the position of member of the Supervisory Board, incompatibility provided by both art. 13 of the F.S.A. Regulation no. 1/2019 and art. 15 of S.I.F. Transilvania's Articles of Incorporation.

Thus, art. 13 of the F.S.A. Regulation no. 1/2019 states that: *(1) Without prejudice to any of the fundamental rights, the reputation, honesty and integrity of the assessed person, referred to in art. 12, are questioned when there are any relevant records regarding the existence of any, but not limited to, of the following situations:*

*a) conviction or **prosecution ad personam** in cases related to:*

*(i) crimes provided by the financial and banking legislation, crimes provided by the legislation on money laundering and the funding of terrorism or corruption-related crimes;*

*....*

*(iv) other crimes provided by the **legislation regarding companies**, bankruptcy, insolvency, as well as consumer protection;*

Art. 15 of S.I.F. Transilvania's Articles of Incorporation expressly stipulates **the conditions to be fulfilled by a person in order to hold the position of member of the Supervisory Board**, namely: *The Company is managed under a two-tier system by an Executive Board that carries out its activities under the control of a Supervisory Board. The mandate of the Supervisory Board members is granted for a 4-year period. The Supervisory Board consists of 7 natural persons that have to **cumulatively meet the following conditions:** a) to have relevant experience of at least five years in the capital market, financial and banking or investment management fields; b) not to be convicted **or not to be under prosecution** in cases referring to (i) crimes provided for in the financial and banking legislation, including crimes set out by the legislation on money laundering and terrorist financing; (ii) property crimes or other crimes specific to the economic/financial field; (iii) crimes provided for in the fiscal legislation; (iv) other crimes provided for in the **legislation regarding companies**, bankruptcy, insolvency and consumer protection;*

Therefore, given the above-mentioned circumstances, S.I.F. Transilvania S.A. Brasov, in order to respect the legality regarding the functioning of its superior management structures, has addressed the F.S.A. through Address no. 792/31.01.2020 by which it informed on and emphasized the state of incompatibility of Mr. Constantin Frățilă- a state of incompatibility similar to this situation already existing at the issuance of the F.S.A Decision. no. 1095/2018 - **requesting, in this respect, that the F.S.A. comply with the secondary legal provisions issued by the F.S.A., respectively the F.S.A. Regulation no. 1/2019, as well as with the imperative provisions included in the S.I.F. Transilvania's Articles of Incorporation, by either issuing a new decision to revoke the F.S.A Notice no. 422/2016** regarding Mr. Constantin Frățilă or by issuing an endorsement decision of Mr. Constantin Frățilă, consistent with the provisions of art. 13 of the F.S.A. Regulation no. 1/2019, **undertaking the responsibility for the strict compliance with the legal provisions.**

We note that, through Letter no. VPI / 550 / 22.01.2020, signed by a vice-president of the F.S.A., issued under the rule of excess power, the Executive Board of S.I.F. Transilvania was imperatively required to register Mr. Constantin Frățilă in the Trade Register within 24 hours, according to the Resolution no. 7/17.01.2020, pronounced in File no. 8031/2/2018\*.

In order to avoid a new sanction applied by the F.S.A., the Executive Board of S.I.F. Transilvania requested the Trade Register to process the amendments imperatively requested by the F.S.A., but it has also addressed the Authority showing that Mr. Constantin Frățilă's state of incompatibility had not ceased.

As pointed out above, even if the Court of Appeal's Resolutions have suspended and annulled the F.S.A. Decision no. 1095/2018, for part of the offenses committed by Mr. Constantin Frățilă, **the criminal prosecution ad personam** did not cease for the offences of capital market manipulation and money laundering, while for other offenses provided for and sanctioned by Law no. 31/1990, the criminal prosecution by the Prosecutor's Office attached to the Constanta Tribunal is on-going, respectively for the offense of ... **"transfer of own shares to other persons, in order to establish a majority in the general meeting of shareholders, to the detriment of other shareholders,**

provided by **art. 279 para. (1) lit. a)** of **Law no. 31/1990** with the application of **art. 35 paragraph (1) of the Criminal Code and for the offense of establishment of an organized criminal group.."**

In consideration of the above and for the entry into legality of the persons holding senior management positions within the A.I.F.M., S.I.F. Transilvania deems that Mr. Constantin Frățilă cannot hold the position of member of the Supervisory Board and asks the F.S.A. to comply with its provisions and attributions, in view of appropriate application of the provisions of art. 34 in conjunction with art. 13 of the F.S.A. Regulation no. 1/2019 and the provisions of art. 15 of S.I.F. Transilvania's Articles of Incorporation.

**Mihai Fercală**  
**Executive President/CEO**

**Iulian Stan**  
**Executive Vice President/Deputy CEO**

**Marcus Valeriu Marin**  
**Compliance Officer**