



No. 2553/30.03.2020

**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: 30.03.2020

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 216,244,379.70

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

Important event to be reported: F.S.A. sanctioning decisions

(i) S.I.F. Transilvania informs the shareholders and investors that it has received from the Financial Supervisory Authority the Letter no. VPI 2637/27.03.2020, registered with our company under no. 2550/30.03.2020, accompanied by the F.S.A. Decisions no. 413, 414, 417, 418, 416 and 419 dated 27.03.2020, regarding the sanctioning of Mr. Stefan Szabo with RON 15,000, Mr. Dumitru Carapiti with RON 15,000, Mr. Crinel-Valer Andanuţ with written warning, Mr. Marius Adrian Moldovan with written warning, Mr. Constantin Frăţilă with written warning, in their capacity as members of the Supervisory Board, and the sanctioning of Mr. Mihai Fercală with RON 15,000, in his capacity as President of the Executive Board of S.I.F. Transilvania, for not enforcing a series of resolution of the Supervisory Board illegally adopted by a part of the Supervisory Board members.

The fines have been imposed for the lack of honesty, prudence and diligence in carrying out the activity in the case of two members of the Supervisory Board, namely Mr. Stefan Szabo and Mr. Dumitru Carapiti.

Within the sanctioning decisions, the Authority also states that the mandates of Mr. Stefan Szabo as President of the Supervisory Board and Mr. Dumitru Carapiti as Vice President of the Supervisory Board have not been exercised with prudence and diligence, with a lack of independent thought or independence of spirit.

Regarding the decisions not enforced by the Executive President Mihai Fercala, the Authority refers to a series of resolutions of the Supervisory Board adopted with the support of the vote cast by Mr. Constantin Frăţilă, who is considered by the Executive Board as being incompatible with the status of member of the Supervisory Board since he is criminally prosecuted "in personam" as follows:

- The Criminal File no. 582D/P/2016, wherein the Directorate for Investigating Organized Crime and Terrorism/ (D.I.I.C.O.T.) – Constanta Territorial Service ordered the declining of the cause regarding the suspect Constantin Frăţilă, who is criminally prosecuted for the offence of transferring of his shares to other persons in order to form a majority in the general meeting of shareholders, to the detriment of other shareholders and for the offence of setting up an organized criminal group,

- The Criminal File no. 745/P/2015, registered with the Prosecutor's Office attached to the Brasov Tribunal, wherein through the Prosecutor's Ordinance dated 17.04.2019, the continuation of the criminal prosecution against Fratila Constantin for the offense of tax evasion was ordered.

The incompatibility of Mr. Frățilă Constantin with the capacity of member of the Supervisory Board of S.I.F Transilvania arises from the following provisions:

- art. 15 letter b) of the Articles of Incorporation of S.I.F. Transilvania which expressly provides for the condition that the members of the Supervisory Board not to be convicted or not to be prosecuted in cases related to: (i) offenses under the financial-banking legislation, including offenses provided for the law on money laundering and terrorist financing; (ii) offenses against heritage or other offenses specific to the economic / financial field; (iii) offenses provided for by the tax legislation;
- art. 4 paragraph (1) of the Regulation on the Organization and Functioning of the Supervisory Board which stipulates that the mandate of the members of the Supervisory Board ceases in case of expiry of the mandate, waiver of the mandate, revocation of the mandate, legal incompatibility, absolute impossibility to fulfil the duties or death;
- art. 13 of the F.S.A. Regulation no. 1/2019 which provides for the criteria regarding the assessment of reputation, honesty and integrity, all these being questioned when the person is criminally prosecuted "in personam" for offenses stipulated by the financial-banking, fiscal or specific legislation in the economic field.

This is the factual situation for which the Financial Supervisory Authority fined Mr. Stefan Szabo – President of the Supervisory Board, Mr. Dumitru Carapiti - Vice-President of the Supervisory Board and Mr. Mihai Fercală - President of the Executive Board, namely because they demanded compliance with the law.

(ii) At the same time, the company received from the Financial Supervisory Authority the Letter no. SI-DETA 2895/27.03.2020, accompanied by the F.S.A. Decision no. 420/ 27.03.2020 regarding the sanctioning with RON 3,000 of Mr. Constantin Frățilă, in the capacity as member of the Supervisory Board, for not complying with the provisions of art. 19 paragraph (11) of the Regulation (EU) no. 596/2014 regarding the market abuse.

The full content of the F.S.A. Decisions is available on the company's website, under the *Current Reports* section.

Mihai Fercală
President of the Executive Board

Iulian Stan
Vice President of the Executive Board

Marcus Valeriu Marin
Compliance Officer