
New Code on Corporate Governance

30 March 2016

In brief

The National Commission for Financial Markets has approved a new version of the Code on Corporate Governance. The provisions enter into force as of 4 March 2016.

In detail

General Provisions

The new Code on Corporate Governance (hereinafter “CCG”) represents a set of governance standards for guiding company management and shareholders in applying general recommendations for efficient company management.

The provisions of the CCG are based on the Organisation for Economic Co-operation and Development’s principles of corporate governance.

The CCG provisions are compulsory for public-interest entities.

It is recommended that joint-stock companies, other than public-interest entities, approve the CCG.

Companies’ governing bodies

It is recommended that certain issues within the exclusive competence of the General Meeting of Shareholders be subject to higher voting standards than those stipulated by the legislation in force.

The powers of company’s Board (Council) have been supplemented.

It is recommended that specialist committees be established for the preliminary examination of the most important issues of company activity (i.e. remuneration committee, the risk management committee, etc.).

It is recommended that independent members should represent at least one third of all the company’s elected Board members.

A set of criteria has been introduced for assessing the independence of Board members.

An obligation has been introduced for company Executive body to include in annual activity reports a separate chapter describing to what extent the company complies with the CCG provisions.

It is recommended that companies appoint a Corporate Secretary to facilitate interaction between shareholders and company governing bodies.

Criteria have been introduced for establishing the remuneration for members of the Board, the Executive body and the Censor committee.

Measures have been introduced for identifying and correctly approving decisions on concluding conflict of interest transactions.

Companies are recommended to approve internal rules on the selection and approval of audit firms.

Disclosure and transparency

The CCG provides the minimum information that a public interest entity is required to disclose on its website.

All information which might influence decision-making on investments in the company’s financial instruments should be made public immediately and, at the same time, available for anyone who may be interested, including positive and negative information, in order to provide a complete picture for assessing the company’s actual position.

It is recommended that all company annual reports

contain information on analyses of financial conditions and results of operations, changes in capital, any significant risks and risk factors.

Statement of corporate governance

The obligation of preparing a Statement of corporate governance “Compliance or justification” has been introduced, as set out in the CCG Annex, under which companies should provide a detailed written reasoning for any CCG recommendations not implemented.

The statement is compulsory for:

- Public-interest entities and any other joint-stock companies that approve

CCG provisions. These have to include the statement in the management’s annual report and published on the website;

- Companies whose financial instruments are admitted to trading on a regulated market are required to disclose the Statement of corporate governance to that regulated market.

[Source: Decision of The National Commission for Financial Markets no. 67/10 dated 24 December 2015 on approving the Code of Corporate Governance, Official Gazette no. 49-54 dated 4 March 2016]

The takeaway

The CCG establishes a set of corporate governance rules for relationships between

company’s Board, Executive body, shareholders and stakeholders.

Public-interest entities are required to comply with the CCG by 4 September 2016.

For joint-stock companies, other than public-interest entities, the CCG provisions are given as guidelines and recommendations.

The obligation to fill in a Statement of corporate governance has been introduced, under which companies are required to provide a detailed written justification for any CCG recommendations not implemented.

Let's talk

For a deeper discussion of how this new legislation might affect your business, please contact:



Mihaela Mitroi
Partner
Mihaela.Mitroi@ro.pwc.com



Alexandru Munteanu
Manager, Attorney-at-law
Alexandru.Munteanu@ro.pwc.com



Lilia Tapu
Manager
Lilia.Tapu@ro.pwc.com

PricewaterhouseCoopers Moldova
37, Maria Cibotari Street
Chisinau, Republic of Moldova
Tel: + (373 22) 25 17 00
Fax: + (373 22) 23 81 20

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