



No. 2783/13.04.2020

**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: 13.04.2020

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. Letter no. VPI 3213/09.04.2020

Information for shareholders regarding the conducting of the O.G.M.S.

Following the Current report no. 2639/02.04.2020 and at the request of the Financial Supervisory Authority submitted through the F.S.A. Letter VPI 3213/09.04.2020, attached to this Current Report and published on the company's website, the Company's Executive Board would like to provide the following clarifications:

1. S.I.F. Transilvania recognizes and respects the right of each shareholder to attend and vote in the general meetings of shareholders.

Through the aforementioned Current report, with the observance of the authorities' requirements regarding the management of the current epidemiological situation and of the secondary regulations issued by the F.S.A, but also of the fact that the general meetings of shareholders have an usual attendance of over 170 shareholders, the company's management has recommended to the shareholders to exercise their voting rights by correspondence, in the event that, due to the declaration of the state of emergency as a result of the coronavirus pandemic, the works of the general meeting are unable to be held with physical presence.

In respect to this recommendation, by reference to the F.S.A. Letter no. VPI 3213 / 09.04.2020, we would like to emphasize that, in the event that, in the current epidemiological context, the physical attendance of the shareholders is possible, they will be able to access the meeting room by proving their identity, all the more so given that the room leased for this O.G.M.S. has a capacity of over 200 seats.

For the conducting of the O.G.M.S convened for 28/29.04.2020, we will also comply with both the F.S.A. Regulation no. 5/2020 *for the adoption of measures regarding the conduct of the general meetings of the issuers during the state of emergency generated by COVID-19* and the provisions of the Military Ordinances in force at the date of the O.G.M.S. In this way we will not

impose additional restrictions to those established by the State Authorities which may affect the fundamental rights derived from the capacity as shareholder.

2. Regarding the information presented under item 2 of the F.S.A. letter, by reference to the Current report no. 2639/02.04.2020, we would like to emphasize that the High Court of Justice and Cassation has annulled, in several files, a series of acts issued by the F.S.A. that were found by the Court to be illegal (we are referring here, for example, to the annulment of art. 124 and art.126 of the N.S.C. Regulation no.1/2006 – Current report no. 6009/05.07.2019, N.S.C. Decision no. 381/20.04.2011 – Current report no. 2900/29.03.2020 or the F.S.A. Decision no. 974/06.08.2014 – Current report no. 8476/07.10.2019).

We also refer to the F.S.A. Decision no. 1995/2016 on the rejection of Mr. Mihai Fercală's approval as a member of the Executive Board, decision that was subsequently revoked by the F.S.A. through the F.S.A. Decision no. 208/2017; subsequent to the decision's revocation within the administrative procedure, the Bucharest Court of Appeal dismissed, correctly, the action as devoid of purpose, and ordered the F.S.A. to pay legal fees.

In the current report we refer to we show that the sanctioning of the Executive Board was carried out as a measure of repression for daring to request the cancellation of administrative, normative or individual acts, issued by the authority and / or to protect a criminal group as we have presented in detail in said current report.

Therefore, the Vice-President Gabriel Grădinescu's assertions, included in the F.S.A. Letter no. 3213/09.04.2020 regarding the fact that the information presented by S.I.F. Transilvania in the Current Report no. 2639 / 02.04.2020 is allegedly not accurate, are not backed by any records or information available in the public space.

3. Through Letter no. VPI 550/22.01.2020, the Authority requested- as an ultimatum- the enforcement of the Court order no. 7/17.01.2020, issued in File no. 8031/2/2018* of the Constanta Court of Appeal, stating that Mr. Constantin Frățilă has the capacity as member of the Supervisory Board of S.I.F. Transilvania.

S.I.F. Transilvania was not a party in the File no. 8031/2/2018 * of Constanta Court of Appeal, therefore the enforcement of the decision issued in said file could only be carried out by it being imposed as such by the F.S.A., action completed by the Authority through the Letter no. 550/2020.

We would also like to emphasize the way by which the decision in File no. 8031/2/2018* of the Constanta Court of Appeal was issued:

In the File no. 6980/2/2018, registered with the Bucharest Court of Appeal - Section VIII Administrative and Fiscal Contentious, Mr. Constantin Frățilă requested, against the F.S.A., the suspension of the enforcement of the F.S.A. Decision no. 1095/13.09.2018 on the withdrawal of his approval as a member of the Supervisory Board; within said file, S.I.F. Transilvania filed a motion to intervene alongside the F.S.A., and by Sentence no. 4957/21.11.2018, the Court of Appeal dismissed as unfounded the request filed by Mr. Constantin Frățilă for the suspension of the enforcement of the Decision no. 1095/13.09.2018.

In another legal action which is the subject-matter of File no. 8031/2/2018 * of Constanta Court of Appeal Mr. Constantin Frățilă requested the annulment of the F.S.A. Decision no. 1095/13.08.2018 and the suspension of its enforcement.

Without having knowledge of the aforementioned legal action, S.I.F. Transilvania requested, against the F.S.A., the annulment of art. 3 of the F.S.A. Decision no. 1095/2/2018 which ordered the company's Executive Board to convene an O.G.M.S. for the election of a member of the Supervisory Board for the vacant position that incurred following the withdrawal of the approval granted to Mr. Constantin Frățilă (Current report no. 3305/10.04.2019).

According to the Code of Civil Procedure, the settlement of all requests filed against an act is carried out, after the joining of all the requests in a single file, namely the chronologically oldest file. Both the F.S.A. and Mr. Constantin Frățilă had knowledge about S.I.F. Transilvania's legal action through which the company requested the partial annulment of the F.S.A. Decision no. 1095/2018, therefore **they were under the procedural obligation to request the joining of SIF3's File to File no. 8031/2/2018, even just to avoid the adoption of contradictory decisions.** If, from a procedural point of view and by reference to the decision issued by the Bucharest Court of Appeal in the File no. 6980/2/2018, we can understand Mr. Constantin Frățilă's attitude, we cannot say the same thing about the F.S.A. **We do not understand why the Authority did not request the joining of the two files regarding the annulment of the F.S.A. Decision no. 1095/2018 in which it was the defendant, a situation that allowed for two contradictory judgments to be pronounced and we have no knowledge on whether the F.S.A. has appeared in court to defend itself in File no. 8031/2/2018*.**

Therefore, the Vice-President Gabriel Grădinescu's assertion that „*your above-mentioned statements erroneously present the requests addressed by the F.S.A. to your company*” cannot be validated.

4. As shown in the F.S.A. Letter no. VPI 3213/09.04.2020, the substantiation of the F.S.A. Decision took into consideration art. 15 of the Articles of Incorporation of S.I.F. Transilvania; this article is unaltered and **provides that the person against whom a criminal prosecution *in personam* is initiated is incompatible with the position of member of the Supervisory Board.**

We would like to emphasize that the F.S.A. Decision no. 1095/2018 took into consideration both the provisions of art. 15 of S.I.F. Transilvania's Articles of Incorporation and the provisions of art. 7 para. (2) indent a) of the F.S.A. Regulation no. 14/2015 stating that “*The reputation and integrity of the assessed person, referred to in para. (1) are questioned in the situation in which there exists information regarding the existence of one of the following situations, without limitation thereto: a) conviction or **criminal prosecution** in cases regarding: (i) offenses provided for by the financial- banking legislation, including offenses provided for by the law on money laundering and the financing of terrorism; (...); (iv) other offenses provided for by the law on companies, bankruptcy, insolvency, as well as on consumer protection.*”

Even though the F.S.A. Regulation no. 14/2015 was abrogated by the F.S.A. Regulation no. 1/2019, the new regulation took over the above-mentioned provisions under art. 13.

We have no knowledge on how the F.S.A. has raised its defense within the File no. 8031/2/2018*- please see the information presented above, at the previous point, as it relates to the incidental legal provisions and/or to the clauses contained in the Articles of Incorporation of S.I.F. Transilvania, but we can notice that both regulations are justifying the questioning of the reputation, honesty and integrity of the person occupying a position within the Supervisory Board in the case of the launch of a criminal prosecution *in personam* against said person.

The presumption of innocence is out of the question, as the F.S.A. mistakenly assesses, because, through the incidental secondary legislation, the reputation, the honesty and the integrity of the person being evaluated for the purpose of occupying a position within the Supervisory Board are being questioned.

Under these circumstances, as S.I.F. Transilvania has consistently shown, Mr. Constantin Frățilă is incompatible with the quality of member of the Supervisory Board, **an aspect that has remained unobserved by the F.S.A.**

Thus, it can be concluded that Mr. Vice-president Gabriel Grădinescu, by the statement made according to which “*the F.S.A. Decision no. 1095/13.03.2018 for the revocation of Mr. Constantin Frățilă as member of the Supervisory Board of S.I.F. Transilvania was based, among others, on article 15 of the Articles of Incorporation of S.I.F. Transilvania as well*”, validates the statements made by S.I.F. Transilvania, but is applying the legal and statutory provisions in a different manner when

requested to issue an individual administrative act to withdraw the approval granted to Mr. Constantin Frățilă as a member of the Supervisory Board of S.I.F. Transilvania.

Why is it that, for the issuing of the F.S.A. Decision no. 1095/2018 in the context of the criminal prosecution *in personam* within the File no. 582/D/P/2016 registered with the Directorate for Investigating Organized Crime and Terrorism/ (D.I.I.C.O.T.) – Constanta Territorial Service the provisions of art. 15 of the Articles of Incorporation of S.I.F. Transilvania have been considered, and for the criminal prosecution *in personam* in File no. 745/P/2015, the F.S.A. no longer observes the application of the same art. 15 of the Articles of Incorporation!

The Constanța Court of Appeal, in the File no. 8031/2/2018*, was not invested in ruling on the validity of the provisions issued by the case prosecutors in the Files no. 582/D/P/2016 and no. 745/P/2016 and nor on the applicability of art. 15 of the Articles of Incorporation of S.I.F. Transilvania, art. 4 of the Regulation on the organizing and functioning of the Supervisory Board, nor on the legality of art. 7 of the F.S.A. Regulation no. 14/2015 or the legality of art. 13 of the F.S.A. Regulation no. 1/2019*.

In view of the above, we could determine the bias of Mr. Gabriel Grădinescu towards Mr. Frățilă Constantin, we conclude that no decision was taken by the F.S.A. to obligate Mr. Constatin Frățilă's group to comply with the law; by sanctioning the President of the Executive Board and the President and Vice-President of the Supervisory Board, how can one not wonder about the complicity between the F.S.A. and this criminal group?!

We are convinced that S.I.F. Transilvania's shareholders will understand our point of view in an accurate manner, by simply reading the relevant articles of the Articles of Incorporation and the regulations of the F.S.A.

The F.S.A. is negligently assisting to the violation of its own regulation, the violation of the provisions of the Articles of Incorporation of S.I.F. Transilvania by Frățilă & Co, ignoring the decisions of the courts that have already ruled, ignoring the requests to the courts to cancel the illegal decisions of the criminal group.

Through this Current Report, S.I.F. Transilvania complies with the request of the Vice-President Gabriel Grădinescu to publish the F.S.A. Letter no. VPI 3213/09.04.2020 on the Bucharest Stock Exchange website and on the company's website, while, for a correct and complete informing of the shareholders and investors, the company has included its point of view on the issues presented in the F.S.A. letter.

**President of the Executive Board,
Ec. Mihai Fercală, PhD**

**Vice President of the Executive Board,
Ec. Iulian Stan, PhD**

**Member of the Executive Board
Ec. Ștefan Szitas**

**Marcus Valeriu Marin
Compliance Officer**

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