



THE COUNTRY

For the First Time in Eight Years the Party of Communists will Hold Less than Half of Parliamentary Mandates

Following the new parliamentary elections held on 29 July 2009, the 101-member Moldovan Parliament will now have **48 communist** parliamentarians and **53 non-communist** ones (representing four political parties). The Moldovan Party of Communists continues to be the single most supported party, having been promoted by a vote of 44.69% of electors. The number two party has acquired only 16.57%, although in the overall, for the first time in eight years the Party of Communists fails to secure the support of the majority of voters. Not having a parliamentary majority means many things, and it also means that the Party of Communists may no longer block the election of the Speaker of the Parliament and approval of the new Cabinet (except that it is the current President who must propose the Prime Minister). However the next President of Moldova cannot be elected without the votes of the Communist Party of Communists parliamentarians, as a majority of 61 mandates shall be required to appoint the next President. Failure to reach a compromise could mean a stronger and more lasting political crisis for Moldova, so that everyone is hoping that politicians will agree on the fundamental principles of cohabitation for the next four years and will move forward with economic reform, EU accession and other much awaited and important issues.

THE FIRM

Alexander Turcan participates at the Fourth CIS Local Counsel Forum

The fourth CIS Local Counsel Forum took place in Kiev, Ukraine on 24-26 June 2009. The Forum was hosted by RULG-Ukrainian Legal Group and was attended by more than 200 delegates. The annual CIS Local Counsel Forum is the best and most representative annual gathering of business lawyers in the CIS. Managing partner Alexander Turcan has traditionally moderated the regional panel of the forum that provided an update to the delegates on the legal and professional developments in Russia, Belarus and Moldova.

Want to learn more about the Forum? Visit <http://www.rulg.com/cisforum/>

Turcan & Turcan Participates in Formation of Association of CIS Antitrust Lawyers

On 17 June 2009, in Bishkek, the capital of the Kyrgyz Republic, leading lawyers representing all CIS countries have gathered to lay the foundation of a new Nonprofit Partnership "Support of Competition in CIS countries". Carolina Parcalab, senior associate of Turcan & Turcan, participated at this constitutive meeting of the Partnership. The Partnership was created with the support of CIS Interstate Council for Antitrust Policy (ICAP). At the constitutive meeting, a Protocol on Cooperation in Competition Law was signed by ICAP and the Partnership.

The creation of the Partnership is mostly due to the increasing need for existence of a constructive dialog between business and competition authorities in order to improve the existent system of competition protection, as well as for the upgrading of competition advocacy. The main goal of the Partnership is to establish and straighten the collaboration with the competition authorities from CIS countries in order to contribute to the regulatory process in the field of competition. Members of the Partnership intend to promote the study and discussion of legal regulations and practices affecting competition at national and CIS level. It is expected that the conclusions of the Partnership's experts will contribute to the creation of an efficient interstate competition policy and uniform practice of antitrust legislation implementation. As part of its activity, the Partnership is intended to collaborate and interact with ICAP, the International Competition Network, the European Commission, the International Bar Association, the competition authorities from CIS, European Union, US and other countries.

Want to learn more? Contact Carolina Parcalab or Alexander Turcan

New ANRCETI Decision to Implement the 2007 Electronic Communications Law

The National Agency for Regulation of Electronic Communications and Informational Technology (the "ANRCETI") has adopted a Decision on establishing the categories of radio frequencies which are exempted from the general authorization regime and which do not require obtaining a special license or a technical permit. This regulatory decision came into force on 19 June 2009. The purpose of ANRCETI's Decision is to ensure the rational management of radio frequencies in accordance with the European standards, and the provisions of this Decision corresponds to the Recommendation 70-03, approved within the European Conference of Postal and Telecommunications Administrations (CEPT).

The ANRCETI's Decision establishes 13 categories of frequencies which can be used in Moldova by the holders of certified short range devices, without having to first obtain a special authorization or license to this end. However, the individuals who intend to use short range devices in order to provide public services to other persons will have to obtain a general authorization from ANRCETI

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Expedited Out-of- Court Liquidation of Insolvent Banks

The Law on Financial Institutions was amended with the new provisions related to the procedure of forced liquidation of banks effective from 19 June 2009. Pursuant to the enacted amendments, the chief executive officer of a bank shall immediately notify the National Bank of Moldova if the bank becomes insolvent or over-indebted, or if there is a risk that it will become insolvent. When a risk exists for the bank to substantially lose its assets or to substantially harm the interest of its customers, the National Bank of Moldova is entitled to appoint an insolvency administrator for the liquidation of the bank even without an insolvency filing having been made with the relevant court.

The Law has been completed with a new chapter setting out the detailed procedure and terms on forced liquidation of the bank whose license was withdrawn as a result of insolvency and illegal actions of the bank. It also regulates the requirements for the insolvency administrator, his competence, liability and reporting obligations to the National Bank of Moldova after all assets of the bank subject of liquidation are distributed. Within three (3) days from appointment, the insolvency administrator is bound to make public notice in the Official Gazette, in the local press and in all branches of the bank about the withdrawal of the license and liquidation of the bank, also informing of the name of insolvency administrator, and of the date and place of taking over the bank's administration.

The bank subject to such liquidation may be sold as a unitary patrimonial complex to another bank by the insolvency administrator only with the prior written consent of the National Bank of Moldova.

We note that on the date of entry into force of these amendments, the license of a small Moldovan bank Investprivatbank was withdrawn by the National Bank of Moldova according to the newly approved procedure. In order to protect depositors, the Moldovan Government decided that Banca de Economii S.A. (in which the Government holds a controlling stake) should acquire the assets and liabilities of the ailing Investprivatbank.

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New Regulation on Interconnection

ANRCETI has adopted the Decision on Identification of the List of Relevant Markets of Electronic Communications Networks and/or Services, in force as of 10 July 2009 (the “**Decision**”). This new Decision is necessary for due implementation of the Law on Electronic Communications (2007) that provides for a significant market power (SMP) regime, which is generally in line with the 3 steps of the EU’s framework in this area: identification and definition of relevant markets, designation of SMP providers and imposition of remedies on such providers. In accordance with its Decision, the ANRCETI has identified 10 relevant service markets in the Republic of Moldova, of which there is 1 (one) retail, and 9 (nine) wholesale service markets.

ANRCETI has previously adopted the Regulation on Identification and Analysis of Relevant Markets and Designation of Providers with SMP that came into force in February 2009. Therefore, after adoption of the current Decision, the ANRCETI will be able to determine the providers with SMP and to impose on such providers specific regulatory remedies. Under the old legislative framework, certain providers on the fixed and mobile sectors were already determined in 2007 by the Moldovan competition authority as having dominant position (similar to SMP). Still, ANRCETI has to impose specific remedies, in particular on the incumbent fixed operator Moldtelecom S.A. (e.g. accounting separation).

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Provisory Limitation of High Tonnage Vehicles Movement

This summer is just so hot that the Moldovan asphalt is melting under heavy trucks. This is why on 23 June 2009 the Interior and Constructions Ministries have issued a joint Order No. 238/74 on provisory restriction of high tonnage vehicles movement (the “**Order**”). The Order prohibits the movement on the national roads of vehicles with a total weight of more than 20 metric tons, between 10:00 and 20:00 hours, when the air temperature is above 30°C. The restriction set out in the Order does not refer to vehicles which perform the carriage of passengers, of food and materials necessary to prevent the liquidation of exceptional situations.

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Collective Bargaining Agreement in Construction for 2009-2013

The Ministry of the Construction and Territorial Development, the Federation of Patronage “CONDRUMAT” and Federation of Unions “SINDICOS” have concluded the Collective Bargaining Agreement for the Constructions Industry for years 2009-2013. Published in the Official Gazette dated 24 July 2009, this Agreement shall enter into force as of its registration with the Ministry of Economy and Trade, and shall be mandatory for all employers and employees operating in the following areas: engineering and constructions, roads, building materials industry, building mechanization and carriage, cadastre, glass industry and other related activities.

The main rules contained in the Agreement refer to the social partnership, human recourses, work and rest time and payment of the salaries, health protection, labor safety and professional training. In particular, requirements have been established for personnel recruitment; applicable guidelines upon employment of the foreign citizens; redundancy limitations; employees’ benefits, such as additional leave or severance payment depending of work period, amount of the tariff rates for certain positions; social and labor protection. It is also regulated that the employer is bound to conduct gratuitous medical examinations and appropriate philological tests in order to verify if employees are able to work in constructions.

The collective bargaining agreements at company levels, individual employment contracts and internal regulations may not provide for work conditions that would be less favorable than those set out in the Agreement.

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Reduced NBM Interest Rates and Mandatory Reserves for Banks

As of 23 June 2009, the National Bank of Moldova ("NBM") has established the new interest rates on monetary regulation instruments of the NBM, as follows:

- (i) 8% per annum - for the base interest rate on main short-term monetary policy operations
- (ii) 10.5% per annum - for the interest rate on overnight credits
- (iii) 2% per annum - for the interest rate on overnight deposits
- (iv) 8% per annum - for the base interest rate on long-term (over 5 years) credits

The most recent peak of these rates was established in May 2008, when the above rates were 18.5% for short-term NBM loans, 21% for overnight NBM credits and 10.5% for long-term credits. Since May 2008 these rates have been gradually reduced down to the current levels.

Also, the level of mandatory currency reserves by commercial banks with the NBM has been reduced down to 14%. This is also a consequence of periodic and gradual reductions, the most recent record high being 22% in August 2008.

The measures are intended to stimulate lending by commercial banks at reduced commercial interest rates and generally improve the liquidity of Moldovan banks.

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