



THE COUNTRY

Parliamentary Elections and Street Violence

On Sunday of April 5 all Moldovans peacefully voted for their Parliament.

White House and House of Parliament Devastated

On Tuesday of April 7 crowds, predominantly formed of high school and college students, gathered in mass protests unhappy with the reported high score gained by the Communist Party and the perception of significant frauds. A part of those protesters have devastated the White House and the Parliament Building. These unfortunate events focused international attention on Moldova. On the one hand, election day was exemplary and the various observers reported successful completion of the process, while, on the other hand, opposition parties claimed that elections were defrauded. Verification of voters' lists and recounting of ballots is on-going. Investigations of violent, and allegedly provoked, protests are also in progress. There were no violent protests since April 7, but occasionally peaceful protests were organized by the opposition parties.

Voters Verified and Votes Recounted

During the past 4 years, in the 101-member Moldovan Parliament, the Communists' Party held **56 seats**, its Christian-Democrat allies held **11 mandates** and the liberal opposition held **34 seats**. Thus, during the past 4 years it was effectively **67 votes vs. 34 votes**. This notwithstanding, in April 2005 Communist candidate Vladimir Voronin was re-elected President with the support of **75 parliamentary votes** (vs. 71 Communist-only votes received by him in 2001 while elected for the first term of office).

Back in 2005, **64.84%** of all registered voters had bothered to cast their votes. Now, prior to recount of votes, it is reported that only **59.5%** of Moldovans felt that it was their duty to spend precious Sunday time to make a contribution to the country's political process.

The reported results, prior to recount, are these: the Communist Party should obtain **60 seats** in the legislature, and the liberal opposition (formed of 3 parties) should get **41 (15+15+11) mandates**. Thus, during the next 4 years it is likely to effectively be **60 votes vs. 41 votes**.

60 mandates will allow the Communist Party to vote the Cabinet, but they will require at least one extra vote from the part of the liberal opposition to elect the President. In the event that compromise (like in 2005) shall not be reached, a deadlock may occur and Moldovans may be asked to re-elect the Parliament. We shall report in our next issue on developments.

THE FIRM

T&T Received 2009 Best Moldovan Corporate Law Team Award from European CEO Magazine

For the second time now the London-based **European CEO** magazine has conducted its own annual inaugural legal awards announcement. The April-May issue of the European CEO shows the country-by-country winners of this magazine's 2009 awards outgoing to various legal practices across the world.

Turcan & Turcan is proud to have been announced winner of the prestigious **2009 Best Corporate Law Team in Moldova** award, which is a first recognition of a Moldovan law firm by this respected publication. The awarding criteria were: innovation and originality, project management ability, keeping ahead of the competition, market leadership, proof of development and continued progression, positive media coverage, level of transparency, good governance, partner success, past years achievements and client appraisals.

Watch on the "Tax & Legal" channel of www.EuropeanCEO.tv a brief broadcast video interview with managing partner Alexander Turcan on Investment in Moldova, conducted in March 2009, on this truly special occasion, at the London Stock Exchange.

A written more detailed interview can be found in the current print issue of the magazine.

T&T Tops Chambers Global Ratings for Moldova for Eight Consecutive Years

The Chambers Global Guide for international business law firms is like the Michelin Guide for restaurants.

Turcan & Turcan is the first Moldovan law firm to have been rated by Chambers Global back in 2001. Turcan & Turcan is the only Moldovan law firm to have been holding the leading position in the Moldova rankings of Chambers Global for **eight consecutive years**.

The 2009 Chambers Global Guide, that just came out in March, reports about T&T as follows: *"A clear leader in the Moldovan market, this team of ten lawyers provides a broad service, encompassing advice on corporate and M&A work, regulatory matters, banking, finance and real estate. (...) The lawyers have a "commercial, practical approach – they address issues directly and don't beat around the bush."* Senior partner Alexander Turcan is *"a creative and reliable lawyer"* with a commercial approach who typically handles corporate and M&A work. He is also deemed to be *"number one in real estate."* Octavian Cazac was recently promoted to partner and is *"extremely practical and efficient."*

Both T&T partners were recognized as the leading Moldovan business lawyers in individual rankings.

To view complete Moldova and other country law firm and individual lawyer ratings, visit www.ChambersAndPartners.com

T&T Awarded Compact-related Moldovan Legal Services Contract by Millennium Challenge Corporation

The Millennium Challenge Corporation (MCC) is a U.S. Government corporation designed to work with some of the more needy countries in the world by promoting sustainable economic growth. Before a country can become eligible to receive assistance, MCC looks at its performance on independent and transparent policy indicators. MCC selects eligible countries for Compact Assistance. Countries that have demonstrated significant improvement in policy indicators, but do not yet qualify for a Compact grant, may be eligible for Threshold Program assistance. Threshold programs are smaller grants designed to help improve performance on specific indicators.

In November 2005 Moldova was named threshold eligible and is currently benefiting from the MCC Threshold program assistance. One year later Moldova was also named eligible for the MCC Compact Program assistance. The Government of Moldova submitted a concept paper for assistance and MCC is currently assessing projects including the rehabilitation of national roads and the rebuilding of the farmland irrigation system.

After many months of rigorous selection, Turcan & Turcan is proud to have been awarded the contract for provision of Moldovan legal services to the MCC in connection with the negotiation, execution, ratification and implementation of a Compact with the Moldovan State.

New Restrictions on Holding of Hard Currency by Moldovan Companies

Given the fact that there is high demand for hard currency in Moldova, the Moldovan central bank (NBM) has enacted restrictions on holding of hard currency by Moldovan companies. Thus, effective from 17 March 2009, the NBM's Currency Control Regulation dated 1994 and the NBM's Currency Purchase Regulation dated 2003 were amended.

Under the amended regulations a Moldovan resident legal entity may purchase foreign currency against Moldovan Lei (MDL) only for the purposes of making payments to non-Moldovan residents; such purchased foreign currency can be maintained only in operational (current) accounts, and not on deposit accounts; such purchased foreign currency can be maintained only for **seven (7) working** days, after which, if not used for making payments, they must be converted back into MDL.

These holding restrictions apply to purchased currency only, and they do not apply to export proceeds received in foreign currency by Moldovan exporters.

These new rules also do not apply to the foreign currency cash that was held by Moldovan resident legal entities before 17 March 2009 in Moldovan bank accounts. The rules also do not apply to Moldovan individuals or non-Moldovan residents holding accounts in Moldovan banks.

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Securities Regulator Details Rules of Public Offerings

The National Financial Market Commission has approved a new Instruction on Public Offering of Securities on the Secondary Market. The Instruction is meant to detail the existing Moldovan securities and corporate laws which have undergone significant changes on 1 January 2008. It applies to both voluntary offers and mandatory offers (such as mandatory sell-out offer by a shareholder that acquired control of the company to purchase shares from the remaining minority shareholders); takeover bids and offers for less than 50% of the issued shares; offers for purchase and offers for sale (such as offers for sale which insiders of publicly traded joint stock companies are bound to make).

It specifically contains detailed rules on the registration, terms, announcement and completion of a public offer of shares issued by a public joint stock company.

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New Interconnection Rules

The National Agency for Regulation of Electronic Communications and Informational Technology (ANRCETI) has adopted a new Regulation on Interconnection, replacing the older regulatory framework adopted in 2002. The new Regulation entered into force on 13 March 2009 and sets out the rights and obligations of operators and providers seeking interconnection and/or access to electronic communications networks and facilities.

A notable novelty is that the Regulation establishes a mechanism for unbundling of the incumbent's twisted metallic pair local loop, which upon implementation will likely increase competition between providers of traditional telephony and broadband Internet services in Moldova. The ANRCETI can require operators to publish a reference interconnection offer and/or a reference offer for access to their local loop and to associated facilities and services. ANRCETI will be further entitled to impose amendments to such reference offers, including with regard to the tariffs and fees contained in such offers.

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Notary Law Amended

The Parliament of Moldova enacted amendments to the Notary Law that set out new requirements for admission to the notary profession and new rules on disciplinary liability of notaries. A newly created body, the Disciplinary Board, will oversee the compliance by the notaries with the law and with the Code of Conduct, which is to be approved by the general assembly of notaries. The most important novelty in the field is that under the new rules, all notaries (both private and state) shall be bound to procure professional liability insurance to cover potential damages arising from notary errors and omissions. More rigid rules regarding the daily and weekly working hours of private notaries have been introduced. Pursuant to the enacted amendments, the Government will enact uniform rules for equipment of the notary offices to be applicable from 1 January 2012.

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Tobacco Law Amended

The amendments of the Tobacco Law entered into force on 17 March 2009. The new rules refer to the state control over tobacco growing, post-harvesting and industrial processing, import, manufacturing and sale of tobacco products.

The import, manufacturing and wholesale trade of tobacco products, import and/or industrial processing of tobacco, wholesale trade of tobacco products and fermented tobacco shall be performed on the basis of the license issued according to the law and, now, only upon observance of (i) the technological parameters and/or requirements specific to each relevant activity; and (ii) the sanitary, labour and fire protection rules.

In addition to the terms provided for by the law, the licensed business entities practicing the import, manufacturing and wholesale of tobacco products must also obtain the authorization to import and sell each brand name of tobacco products issued by the owner of the trademark or by the licensed manufacturer.

Another requirement provides that the import and/or industrial processing of tobacco, wholesale of fermented tobacco shall be practised only by the licensed business entities having the specialists in respective domain, necessary technology and technological equipment, measurement devices and product quality control devices.

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Moldovan Supreme Court Releases its 2008 Annual Report

The Moldovan Supreme Court of Justice ("SCJ") reports to have examined 9,733 civil, economic and criminal cases in 2008. Each of the judges on the Civil Panel has dealt with 25 cases per month on an average.

Whereas one of the main roles of the SCJ is to deal with appeals, the SCJ reports having granted about one half of all appeals in 2008.

The most common grounds for overturning of judgments issued by lower courts are reported as follows: violation or erroneous application of law, insufficient reasoning of judgments, failure to fully reveal the circumstances which are important for the matter, breach of jurisdictional authority, examination of cases in the absence of a party that was not duly notified of place, date and time of hearing. The SCJ also makes notes of failures by lower courts to observe the rules on the language of the proceedings, the requirements as to reasonable term of judging, and state duty exemption.

To increase transparency, the SCJ has launched a new website www.csj.md, where many SCJ decisions are now publicly made available.

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Facilitation of Passage of Goods at Frontiers

On 3 March 2009 the International Convention on the Harmonization of Frontier Control of Goods (the "Convention") entered into force for the Republic of Moldova. The Convention already enjoys applicability in 49 states, including in the European Union countries.

The Convention represents an international instrument focused to facilitate international movement of all goods being imported, exported or in transit, by way of reducing the requirements for completing customs formalities as well as the number and duration of different controls at frontiers, in particular by national and international coordination of control procedures and of their methods of application. The focus of the Convention is, wherever possible, to provide simple and speedy treatment for goods in transit, especially for those travelling under cover of an international customs transit procedure, by limiting their inspections to cases where these are warranted by the actual circumstances or risks. Additionally, it shall endeavor to facilitate to the utmost the transit of goods carried in containers or other load units affording adequate security. Also, the convention provides for extension of the hours and the competence of existing customs posts available for customs clearance for goods carried under an international customs transit procedure.

In order to benefit from such treatment, the Moldovan customs services and other control authorities shall organize and harmonize their activity with those of the countries that are parties to the Convention. The Parties to the Convention agree to coordinate the control activities, to ensure qualified personnel in service, to share information necessary for application of the Convention, to use documents aligned on the United Nations Layout Key, and to accept documents produced by any appropriate technical process, provided that they comply with official regulations as to their form, authenticity and certification, and that they are legible and understandable. In order to prepare for the new order of movement of goods, certain internal documents regulating customs and control procedures shall need to be approved by Moldovan competent authorities.

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Moldovan Law Enforcers to Take Lie Detector Tests

A new law in force from 20 March 2009 obligates the applicants for jobs with the Customs Service, the Anti-Corruption Center, the Ministry of Internal Affairs and the Security and Information Service to take a polygraph test. Such test may also be applied periodically to the acting members of these enforcement organizations.

Refusal to take the test is however not sufficient grounds alone to serve as basis for denial of employment or prevention from engagement in certain activities.

The negative test results are recognized not to constitute evidence of falseness of verified statements, but shall only serve as grounds to conduct further investigations and verifications.

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