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Publications</a><!--END-OF-PUBLISHER--><!--END-OF-FILE-LIST--></div><p> </p><p>Until

recently, Romania knew only one system of management – the unitary system, where the management is formed by only the sole director/board of directors – applicable, with certain differences, to both joint stock companies (JSCs) and limited liability companies (LLCs). <br /> <br /> Following the World Bank’s 2004 Report on the Observance of Standards and Codes, which indicated deficiencies in the existing company legislation, changes brought to Romanian corporate law from 2006 sought to adapt it to the Organisation for Economic Co-operation and Development’s corporate governance principles, as well as to EU principles.

</p> <p>One of the novelties introduced by the reforms is that JSCs can now choose between the existing unitary system and the newly introduced dual system of administration, where the management is formed of the supervisory board and the directorate. <br /> <br /> Although relatively new, the dual system has already been adopted by major companies in Romania, especially banks (eg Raiffeisen, Bancpost and BCR) and insurance companies (Agras Vienna Insurance Group), as well as investment and asset management companies (such as Fondul Proprietatea and OTP Asset Management). </p> <p>(…) <br /> </p> <p>Each of

the two management systems available for JSCs has its benefits and the choice is usually determined by the size of the company and the number of its shareholders. As explained, if the shareholders are numerous, meet rarely and are located outside Romania the dual system is recommended, as the supervisory board acts as a control body over the executives. Conversely, in smaller companies, the unitary system may be preferred, as fewer people need to be involved and there is a more direct relationship between the executives and the shareholders. </p> <p><strong>To read the entire article, please download the .pdf attached.</strong> </p>