Rules on determining the ROBID and ROBOR reference rates

Operational starting 11 November 2019

1. General Provisions

These rules define the principles, the manner of determining and publishing reference rates, as well as the rights and obligations of the parties involved in the determination of ROBID and ROBOR reference rates on the interbank money market, in accordance with the NBR Norm No. 4/1995 on the functioning of the interbank money market, as subsequently amended and supplemented.

Pursuant to these Rules, the terms stated below shall have the following meanings:

Business Day – a day, with the exception of Saturdays, Sundays and public holidays, on which the Fixing Participants conduct their activity on the interbank money market;

Fixing – the activities conducted to determine ROBID and ROBOR reference rates on RON deposits on the interbank money market;

Administrator – the National Bank of Romania;

Calculation Agent – an entity with expertise and technical and administrative knowledge tasked to conduct the Fixing as per the terms defined by these Rules;

Banking Law – Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy, as subsequently amended and supplemented;

Rules – the Rules on determining the ROBID and ROBOR reference rates, as subsequently amended and supplemented;

Participant – the credit institution which accepted the invitation to participate in the Fixing process and which fulfils the participation requirements set forth in these Rules;

Applicant – the credit institution which fulfils the participation requirements of these Rules and may be invited by the Administrator to participate in the Fixing process;

ROBID (Romanian Interbank Bid Rate) – the reference rate calculated in accordance with the provisions of Section 3.5 of these Rules;

ROBOR (Romanian Interbank Offer Rate) – the reference rate calculated in accordance with the provisions of Section 3.6 of these Rules.

2. Fixing Participant Status

2.1 Fixing shall involve ten participants, which cumulatively fulfil the following requirements:

a) they accepted the Administrator's invitation to participate in the Fixing process and fulfil the participation requirements set forth in these Rules;

b) they submitted an agreement of participation (in accordance with template set forth in Appendix No.1) to the Administrator's head office, whereby they express their commitment to participating in determining the ROBID and ROBOR reference rates and to observing the provisions of these Rules;

c) they were granted the Fixing Participant status by the Administrator;

d) they did not withdraw their agreement of participation;

e) their Participant status has not been cancelled.

2.2 The Administrator shall grant the Participant status to a selected Applicant, according to the following criteria:

a) the activity on the interbank money market;

b) the limits on RON deposits granted by the applicant credit institution to other Participants;

c) other credit institutions' limits on RON-denominated deposits granted to the assessed credit institution, to the assessed Applicant respectively, in order to be granted the Participant status.

2.3 The Administrator shall review the Participants' and Applicants' activity on a regular basis, without exceeding the one-year term since the last reassessment, according to NBR statistical data.

2.4 Depending on the results of the review and the fulfilment of the criteria stipulated in Sections 2.1 and 2.2 of these Rules, the Administrator shall grant or, as applicable, cancel the Fixing Participant status.

2.5 The Administrator may invite an Applicant to participate in the Fixing process according to Section 2.1 (a) of these Rules, while assessing the fulfilment of the requirements stipulated in these Rules by the Applicant.

2.6 The Fixing invitation shall specify the proposed date for joining the Fixing procedure by the potential Participant. Enclosed to the invitation shall be a template agreement of participation set forth in the Appendix No.1 to these Rules.

2.7 The Fixing invitation shall expire within 30 days from the date of issue by the Administrator. In case the invitation has been accepted, the Applicant shall submit the agreement of participation, in accordance with Section 2.1 (b) of these Rules, to the Administrator's head office.

2.8 The Administrator shall be the only authorized entity in granting the Participant status in the Fixing process to an Applicant that fulfils the requirements of these Rules.

2.9 The number of Fixing Applicants shall be established by the Administrator in accordance with Section 2.1 of these Rules.

3. Fixing

3.1 The ROBID and ROBOR reference rates shall be set for the following time deposits:

a) O/N – one day starting with the Fixing date;

b) T/N – one day starting with the next Business Day after the Fixing date;

c) 1W – 1 week over spot;

d) 1M – 1 month over spot;

e) 3M – 3 months over spot;

f) 6M – 6 months over spot;

g) 12M – 12 months over spot;

3.2 The RON deposit rates quoted by the Participants in the Fixing, as well as the ROBID and ROBOR reference rates, shall be calculated presented for the interbank money market as a percentage with two decimals.

3.3 Unless the Administrator decides otherwise, the Fixing of ROBID and ROBOR rates on RON deposits shall take place on every Business Day at 11:00 AM local time. The value date shall be the Fixing date for O/N, the next day for T/N and spot for the other maturities. The day-count convention shall be Actual / 360. The maturity date shall be calculated using the modified Business Day convention.

3.4 The difference between ask rates and bid rates for a given time deposit, as quoted by each Participant in the Fixing, shall not exceed (except for the provisions of Section 10.2):

a) 0.30 percentage points for O/N, T/N, 1W, 1M deposits,

b) 0.35 percentage points for 3M deposits,

c) 0.40 percentage points for 6M and 12M deposits.

3.5 The ROBID rate for each maturity shall be calculated by the Calculation Agent as an arithmetical mean of the last rates quoted by each Participant in the Fixing for the RON deposits accepted within 30 minutes before the Fixing, after removing the endpoints. The rate quoted by each Participant in the Fixing is the rate at which the RON-denominated deposits are accepted from another Participant within 15 minutes from the publication of ROBID and ROBOR rates by the Calculation Agent.

3.6 The ROBOR rate for each maturity shall be calculated by the Calculation Agent as an arithmetic mean of the last rates quoted by each Participant in the Fixing for the RON-denominated deposits offered within 30 minutes before the Fixing, after removing endpoints. The rate quoted by each Participant in the Fixing is the rate at which the RON deposits are offered to another Participant within 15 minutes from the publication of ROBID and ROBOR rates by the Calculation Agent.

3.7 The ROBID and ROBOR rates set at the Fixing shall be published by the Calculation Agent on the

same day within 5 minutes from the Fixing.

3.8 If more than half of the Fixing Participants are unable to provide quotes during the Fixing process, the Calculation Agent shall publish for the current day the interest rates valid for the previous day.

4. Conclusion of Transactions

4.1 Every Fixing Participant shall provide either telephone connections or those within the transaction system agreed upon, in order to enable other Participants to:

a) contact a given Participant, and

b) conclude transactions on the interbank money market, within 15 minutes from the publication of ROBID and ROBOR rates by the Calculation Agent.

4.2 Every Fixing Participant shall:

a) respond to another Participant's application, within 15 minutes from the publication of ROBID and ROBOR rates by the Calculation Agent;

b) provide another Participant the ask and bid rates quoted at the Fixing for a RON deposit, within 15 minutes from the publication of ROBID and ROBOR rates by the Calculation Agent.

4.3 Participants shall be exempt from the above obligations if:

a) the limit for on RON deposits granted to the applying Participant has been exceeded (only the rate at which a given Participant accepts the deposit shall be quoted),

b) an event, defined as force majeure, which could significantly influence interest rates on the interbank money market, has occurred. Force majeure includes any act, event or circumstance independent of the Participants' control, including but not limited to an act or regulation of any governmental or supranational body or authority, or the breakdown, failure or malfunction of any telecommunications or computer services.

4.4 The provided quotations, in accordance with Section 4.2 above, are binding during quotation day for:

a) O/N, T/N, 1W, 1M deposits for a transaction value up to RON 20 million;

b) 3M deposits for a transaction value up to RON 10 million;

c) 6M and 12M deposits for a transaction value up to RON 5 million.

4.5. Any participant may conclude within 15 minutes from the publication of ROBID and ROBOR rates by the Calculation Agent, at its own initiative, one transaction at the most for only one selected tenor with any other Participant based on the latter's quotations.

5. Other Obligations of the Fixing Participant

5.1 Participants shall ensure that:

a) they have in place an adequate control framework to ensure the integrity, accuracy, reliability and

transmission of quoted interest rates;

b) the quoted interest rates reflect the market conditions at that particular moment and are not affected by existing or potential conflicts of interest. Participation in the Fixing process shall be achieved in an independent and honest manner, based on the relevant information;

c) they keep records related to the internal and external audit activity.

5.2 The participants not updating their quotations in due course prior to the Fixing shall provide the Administrator with a written explanation regarding their absence from the Fixing on a given day, no later than the third Business Day since the event.

5.3 If requested by the Administrator, the Participant shall fill out a questionnaire regarding its limits for RON deposits granted to other Participants or Applicants.

5.4 If the limit for RON deposits granted to another Participant has been cancelled or lowered below a reasonable value, the Participant shall send directly to the Administrator a written notice on any such decision.

6. Relinquishment of Fixing Participant Status

6.1 A Fixing Participant has the right to relinquish its status by withdrawing its agreement of participation in the Fixing under which it has undertaken to observe the provisions of these Rules.

6.2 A Fixing Participant may withdraw the agreement of participation by sending a written notice of relinquishment to the Administrator.

6.3 The withdrawal of the agreement of participation and the relinquishment of Fixing Participant status shall become effective 30 days after the Administrator's notice, in accordance with Section 6.2 above, with a reservation for the provisions of Section 6.5 of these Rules.

6.4 The Administrator shall directly notify other Fixing Participants and the Calculation Agent of the Participant's withdrawal from the agreement of participation, specifying the date on which the Fixing Participant status is cancelled.

6.5. If the number of Fixing Participants falls below the number specified in Section 2.1 above, following a Fixing Participant's withdrawal from its agreement of participation, the withdrawal shall become

effective as of the date the Administrator grants the Participant status to another credit institution, so as to obtain the required minimum number of Participants.

7. Breach of Rules

7.1 If the Administrator finds that a Fixing Participant is in breach of the provisions of these Rules, the Administrator shall notify the Participant in writing and shall indicate the specific provisions of these Rules which have been violated, as well as the reasons why the Administrator believes they have been violated.

7.2 If the Participant continues to be in breach of these Rules or if, in the Administrator's opinion, the continuation of the Participant's involvement in the Fixing poses a threat to the Fixing, due to the nature and significance of the committed breach, the Administrator may deprive the Participant of its status in accordance with the provisions of Section 8 of these Rules.

7.3. If the Administrator finds that the Calculation Agent is in breach of these Rules and after consulting the Fixing Participants, it may deprive the Calculation Agent of its status and, as applicable, empower a new entity as the Calculation Agent, in accordance with the provisions of Section 9 of these Rules.

8. Cancellation of the Participant Status

8.1 The Administrator has the right to deprive the Fixing Participant of its status if:

a) the Participant fails to take part in a Fixing more than twice in a month, or

b) at least one third of Participants notify the Administrator of available limits decreasing for RON deposits granted to a given Participant, or

c) the Participant reports available limits decreasing for RON-denominated deposits granted to at least one third of Participants, or

d) the Participant is at most twice in breach of these Rules within 90 days, or

e) the dealers representing the Participant seriously violate the provisions of the Code of Conduct recommended by ACI Romania – Financial Markets Association, or

f) the Participant is in breach of these Rules and the breach, according to the Administrator's opinion, is in the nature defined in Section 7.2 of these Rules.

8.2 If the Administrator decides to deprive a given Participant of its status, the Administrator shall directly notify the Participant, by specifying the grounds for the decision.

8.3 The Administrator's decision to cancel the status of the Fixing Participant may be reviewed

subsequently, subject to compliance with the conditions provided in Article 8.1 and the submission by the credit institution of a request to the Administrator regarding the intention to regain the Participant status.

8.4 The cancellation of the Fixing Participant's status shall become effective on the day indicated in the written notice sent by the Administrator to that Participant. If the above notice does not specify a date for cancelling the Participant's status, the decision shall become effective within 14 days from the notification date.

8.5 The Administrator shall directly notify in writing the Calculation Agent and the remaining Fixing Participants of the decision regarding on cancelling the Participant's status, specifying the date for cancelling a given Participant's status.

9. Obligations of the Calculation Agent

9.1 The Administrator may empower a Calculation Agent responsible for conducting the Fixing under the provisions of these Rules.

9.2 The Administrator shall duly inform all Fixing Participants of the decision to appoint or, as applicable, replace the Calculation Agent.

9.3 The Calculation Agent shall:

a) organise the procedure of submitting Participant quotations to Fixing;

b) calculate the ROBID and ROBOR reference rates in accordance with the provisions of these Rules;

c) directly announce (within 5 minutes from the Fixing at the latest) all reference rates calculated during the Fixing and the quotations submitted to Fixing by the Participants.

10. Change of Circumstances, Extraordinary Events

10.1 The ROBID and ROBOR rates Fixing for given time deposits shall not take place if the Participants quoted less than 3 ask or bid rates for a given tenor (except for the endpoints removed previously).

10.2 If the rates are subject to a significant increase on the interbank money market, the allowable bid – ask spreads, stipulated at Section 3.4 of these Rules, shall be the following:

- double the spread, if the quoted ask rate exceeds the NBR policy rate by more than 30%,
- triple the spread, if the quoted ask rate exceeds the rate on the lending facility,
- no limit, if the quoted ask rate exceeds 1.5 times the rate on the lending facility.

10.3 If ROBID and ROBOR reference rates cannot be calculated and announced in the specified

interval, the Fixing hour may be delayed, but not later than 3:00 PM. In this case, not later than 11:05 AM, the Calculation Agent shall directly notify the Administrator and the Participants of the delay and shall make a public announcement explaining the reasons for this delay.

11.Final Provisions

11.1 The Administrator shall observe the confidentiality requirement regarding the information submitted by the Participants and Applicants in respect of their mutual transaction limits.

11.2 All amendments to these Rules shall be made by the Administrator and shall be submitted in writing to all Participants and the Calculation Agent.

11.3 The amendments to these Rules shall become effective on the date indicated in the notice to Participants, but not earlier than 60 days from the date of sending the amended Rules.

11.4 If any Participant finds the amended Rules to be unacceptable, the said Participant shall notify the Administrator in writing of its rejection within 30 days from sending the amended Rules. If no rejection notices are submitted, the changes are deemed accepted in the form suggested by the Administrator.

11.5 The Participant's notice submitted to the Administrator by the date indicated in Section 11.4 above implies the Participant's withdrawal from the agreement of participation in the Fixing as well as the loss of the Participant status upon the entry into force of the amended Rules. The Administrator shall directly notify in writing the remaining Participants and the Calculation Agent of the above fact.

11.6 If the number of Participants falls below the required minimum number after a Participant submits a notice of rejection in accordance with Section 11.5 above, the amended version of the Rules shall become effective on the date mentioned in the notice or, as applicable, on the date the Administrator grants the Participant status to a new Applicant in order to increase the number of Fixing Participants to the minimum number required by the amended Rules.

Appendix No. 1 – Agreement of participation in the Rules on determining the ROBID and ROBOR reference rates

(BANK HEADER)

(place, date)

AGREEMENT OF PARTICIPATION

..... (name of the credit institution) hereby undertakes to participate in the ROBID and ROBOR reference rates Fixing and to observe the Rules on determining the ROBID and ROBOR reference rates.

(signatures and stamp)
Signature 1

Signature 2