

National Bank of Romania

Circular No. 6 of 11 February 2005

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for amending and supplementing NBR Regulation No. 6/2002 on reserve requirements and for setting the required reserve ratios and modifying the interest rate paid on required reserves set up in US dollars

Having regard to the provisions of Art. 5 and Art. 8 of Law No. 312/2004 – The NBR Act, pursuant to the provisions of Art. 56 of Law No. 58/1998) – The Banking Act, as republished, and of Art. 164 and Art. 206 of Government Emergency Ordinance No. 97/2000 on credit co-operatives, as amended and approved by Law no. 200/2002, as subsequently amended and supplemented,*

by virtue of Art. 48 of Law No. 312/2004,

*) Law no. 58/1998 – The Banking Act was republished in *Monitorul Oficial al României*, Part One, no. 78 of 24 January 2005.

The National Bank of Romania issues this circular.

Art. I. – NBR Regulation No. 6/2002 on reserve requirements, published in *Monitorul Oficial al României*, Part One, No. 566 of 1 August 2002, as subsequently amended, is hereby amended and supplemented, starting with the 24 February – 23 March 2005 observance period, as follows:

1. The phrase “bank/central body of credit co-operatives” shall be replaced by the phrase “credit institutions” throughout the regulation.
2. Article 1 shall read as follows:

“Art. 1. - Banks, Romanian legal entities, branches in Romania of foreign credit institutions, central bodies of credit co-operatives, institutions issuing electronic currency, Romanian legal entities, and savings banks for housing, hereinafter referred to as credit institutions, shall keep RON- and foreign-exchange-denominated required reserves in accounts opened with the National Bank of Romania, in accordance with the provisions of this Regulation.”

3. Article 14 shall read as follows:

“Art. 14. - For RON- and foreign-currency-denominated funds included in the reserve base with residual maturity longer than two years from the end of the observance period and which do not provide for contractual clauses referring to repayments, withdrawals, advanced transfers, and non-repayable loans in domestic and foreign currency, the National Bank of Romania may set differentiated required reserve ratios. When determining the residual maturity of liabilities items

included in the reserve base of required reserves, the initially-set maturity shall be taken into account, leaving out of account any subsequent extensions/renewals.”

4. Article 28 para. (2) shall read as follows:

“(2) Should a credit institution post reserve deficits more than twice during the last twelve months, the National Bank of Romania shall impose, pursuant to the provisions of Art. 99 of Law No. 58/1998 – The Banking Act, as republished, and of Art. 189 of Government Emergency Ordinance No. 97/2000, as approved and amended by Law No. 200/2002, as subsequently amended and supplemented, one of the following sanctions: a) written warning sent to the credit institution; b) fine applicable to the credit institution, ranging between 0.05 and 1 percent of its share capital; c) fine applicable to the credit institutions’ Board members, managers or heads of departments, branches or other secondary offices, ranging between one and six average net salaries per bank according to the payroll of the month prior to finding the breach, or between one and six salaries in the previous month as of the date of finding the breach. The collected fines shall represent revenue to the state budget.”

5. Appendices 1, 2a), 2b), 2c), 2d) and 3 shall be supplemented and replaced by appendices 1, 2a), 2b), 2c), 2d), 2e) and 3* to this circular.

* Appendices 1, 2a), 2b), 2c), 2d), 2e) and 3 are reproduced in facsimile.

Art. II. – Starting with the 24 February – 23 March 2005 observance period, the following required reserve ratios shall apply:

- a) 18% for domestic-currency-denominated funds with a maturity shorter than 2 years from the end of the observance period, for domestic-currency-denominated cash float and funds with a residual maturity longer than 2 years from the end of the observance period which provide for contractual clauses referring to repayments, withdrawals, advanced transfers;
- b) 0 (zero) % for domestic-currency-denominated funds with a residual maturity longer than 2 years from the end of the observance period, which do not provide for contractual clauses referring to repayments, withdrawals, advanced transfers, as well as for non-repayable loans in domestic currency;
- c) 30% for foreign-currency-denominated funds with a maturity shorter than 2 years from the end of the observance period, for foreign-currency-denominated cash float and funds with a residual maturity longer than 2 years from the end of the observance period which provide for contractual clauses referring to repayments, withdrawals, advanced transfers;

- d) 0 (zero) % for foreign-currency-denominated funds with a residual maturity longer than 2 years from the end of the observance period, which do not provide for contractual clauses referring to repayments, withdrawals, advanced transfers raised by 24 February 2005 included, as well as for non-repayable loans in foreign currency;
- e) 30% for foreign-currency-denominated funds with a residual maturity longer than 2 years from the end of the observance period, which do not provide for any contractual clauses referring to repayments, withdrawals, advanced transfers raised as of 24 February 2005 included, regardless of the commitment and/or contracting date.

Art. III. – Starting with the 24 January – 23 February 2005 maintenance period, the interest rate paid on required reserves set up in US dollars shall stand at 0.80% per year.

Governor of the National Bank of Romania,
Mugur Isărescu

Bucharest, 11 February 2005

No. 6

Credit institution

Date.....

RESERVE BASE
for EUR*-denominated funds

-EUR thousand-

Date**	Liabilities items					Total
	< 2 years	> 2 years, providing for clauses referring to repayments, withdrawals, advanced transfers	Cash float***	> 2 years, not providing for clauses referring to repayments, withdrawals, advanced transfers****	Non-repayable loans	
0	1	2	3	4	5	6 = 1+2+3+4+5
Total						
Daily average						

* As defined in Art. 3, Art. 7 and Art. 14 of this Regulation.

** Calendar days of the observance period.

*** – The cash float included in the reserve base of required reserves refers to intra- and inter-bank operations where the payer or the recipient of the cash is a non-bank client.

– The cash is considered as float from debiting the payer non-bank client's account until crediting the recipient non-bank client's account or, alternatively, the bank client's account, if the final recipient of the cash has an account opened with another credit institution.

– The reserve base includes the net credit balance of the accounts highlighting cash float.

– The cash is in float and is included in the reserve base of required reserves from the moment of transferring certain amounts by other credit institutions either through the correspondent account or through the account opened with the National Bank of Romania, until crediting the non-bank's client account.

– The cash float calculation leaves out of account the payments made by credit institutions on their own behalf.

**** Raised as of 24 February 2005 included, regardless of the commitment and/or contracting date.

APPENDIX 2b)

Credit institution
Date.....

RESERVE BASE
for USD*-denominated funds

-USD thousand-

Date**	Liabilities items					Total
	< 2 years	> 2 years, providing for clauses referring to repayments, withdrawals, advanced transfers	Cash float***	> 2 years, not providing for clauses referring to repayments, withdrawals, advanced transfers****	Non-repayable loans	
0	1	2	3	4	5	6 = 1+2+3+4+5
Total						
Daily average						

* As defined in Art. 3, Art. 7 and Art. 14 of this Regulation.
** Calendar days of the observance period.
*** – The cash float included in the reserve base of required reserves refers to intra- and inter-bank operations where the payer or the recipient of the cash is a non-bank client.
– The cash is considered as float from debiting the payer non-bank client’s account until crediting the recipient non-bank client’s account or, alternatively, the bank client’s account, if the final recipient of the cash has an account opened with another credit institution.
– The reserve base includes the net credit balance of the accounts highlighting cash float.
– The cash is in float and is included in the reserve base of required reserves from the moment of transferring certain amounts by other credit institutions either through the correspondent account or through the account opened with the National Bank of Romania, until crediting the non-bank’s client account.
– The cash float calculation leaves out of account the payments made by credit institutions on their own behalf.
**** Raised as of 24 February 2005 included, regardless of the commitment and/or contracting date.

Credit institution

Date.....

RESERVE BASE
for foreign currency*-denominated funds

-EUR thousand or USD thousand equivalent-

Date**	Liabilities items					Total
	< 2 years	> 2 years, providing for clauses referring to repayments, withdrawals, advanced transfers	Cash float	> 2 years, not providing for clauses referring to repayments, withdrawals, advanced transfers***	Non-repayable loans	
0	1	2	3	4	5	6 = 1+2+3+4+5
Total						
Daily average						
Exchange rate						

* To be filled out by credit institutions that have decided to integrally keep their foreign currency required reserves in EUR or USD equivalent. It comprises the items in appendices 2.a and 2.b. as well as the items denominated in other currencies.

** Calendar days of the observance period.

*** Raised as of 24 February 2005 included, regardless of the commitment and/or contracting date.

APPENDIX 2d)

Credit institution
Date.....

RESERVE BASE
for funds denominated in other currencies*

-EUR thousand or USD thousand equivalent-

Date**	Liabilities items					Total
	< 2 years	> 2 years, providing for clauses referring to repayments, withdrawals, advanced transfers	Cash float	> 2 years, not providing for clauses referring to repayments, withdrawals, advanced transfers***	Non-repayable loans	
0	1	2	3	4	5	6 = 1+2+3+4+5
Total						
Daily average						
Exchange rate						

* To be filled out by credit institutions that have decided to separately keep their foreign currency required reserves in EUR and USD equivalent. It comprises the items denominated in other currencies, transformed depending upon the stated option.

** Calendar days of the observance period.

*** Raised as of 24 February 2005 included, regardless of the commitment and/or contracting date.

Credit institution

Date.....

RESERVE BASE

for foreign-currency funds raised by 23 February 2005* included

Date**	Liabilities items			
	> 2 years, not providing for clauses referring to repayments, withdrawals, advanced transfers			
	EUR thousand units	USD thousand units	OTHER CURRENCIES*** EUR thousand or USD thousand equivalent	TOTAL**** EUR thousand or USD thousand equivalent
0	1	2	3	4
Total				
Daily average				
Exchange rate				

* As defined in Art. 3, Art. 7 and Art. 14 of this Regulation.

** Calendar days of the observance period.

*** To be filled out depending upon the stated option.

**** To be filled out by credit institutions that have decided to integrally keep their foreign currency required reserves in EUR or USD equivalent.

Credit institution
Date.....

**CALCULATION OF REQUIRED RESERVES
DURING THE MAINTENANCE PERIOD**

A. SET UP IN THE DOMESTIC CURRENCY

- RON thousand-

No.	Underlying data	Amount	Required reserve ratio	Required reserve level
0	1	2	3	4 = 2 • 3
1.	Average level of liabilities items with maturity shorter than 2 years from the end of the observance period			
2.	Average level of liabilities items with residual maturity longer than 2 years from the end of the observance period, which provide for clauses referring to repayments, withdrawals, advanced transfers			
3.	Cash float average level			
4.	Average level of liabilities items with residual maturity longer than 2 years from the end of the observance period, which do not provide for clauses referring to repayments, withdrawals, advanced transfers			
5.	Average level of non-repayable loans			
6.	LEVEL OF REQUIRED RESERVES DENOMINATED IN THE DOMESTIC CURRENCY (row 1 + row 2 + row 3 + row 4 + row 5)	x	x	

B. SET UP IN EUR*

- EUR thousand-

No.	Underlying data	Amount	Required reserve ratio	Required reserve level
0	1	2	3	4 = 2 • 3
1.	Average level of liabilities items with maturity shorter than 2 years from the end of the observance period			
2.	Average level of liabilities items with residual maturity longer than 2 years from the end of the observance period, which provide for clauses referring to repayments, withdrawals, advanced transfers			
3.	Cash float average level			
4.	Average level of liabilities items with residual maturity longer than 2 years from the end of the observance period, which do not provide for clauses referring to repayments, withdrawals, advanced transfers, raised as of 24 February 2005 included**			
5.	Average level of liabilities items with residual maturity longer than 2 years from the end of the observance period, which do not provide for clauses referring to repayments, withdrawals, advanced transfers, raised by 23 February 2005 included			
6.	Average level of non-repayable loans			
7.	LEVEL OF REQUIRED RESERVES DENOMINATED IN FOREIGN CURRENCY (row 1 + row 2 + row 3 + row 4 + row 5 + row 6)	x	x	

* To be filled out depending upon the stated option.

** Regardless of the commitment and/or contracting date

C. SET UP IN USD*

- USD thousand-

No.	Underlying data	Amount	Required reserve ratio	Required reserve level
0	1	2	3	4 = 2 ▪ 3
1.	Average level of liabilities items with maturity shorter than 2 years from the end of the observance period			
2.	Average level of liabilities items with residual maturity longer than 2 years from the end of the observance period, which provide for clauses referring to repayments, withdrawals, advanced transfers			
3.	Cash float average level			
4.	Average level of liabilities items with residual maturity longer than 2 years from the end of the observance period, which do not provide for clauses referring to repayments, withdrawals, advanced transfers, raised as of 24 February 2005 included**			
5.	Average level of liabilities items with residual maturity longer than 2 years from the end of the observance period, which do not provide for clauses referring to repayments, withdrawals, advanced transfers, raised by 23 February 2005 included			
6.	Average level of non-repayable loans			
7.	LEVEL OF REQUIRED RESERVES DENOMINATED IN FOREIGN CURRENCY (row 1 + row 2 + row 3 + row 4 + row 5 + row 6)	x	x	

* To be filled out depending upon the stated option.

** Regardless of the commitment and/or contracting date

Name and surname of the person who drafted the document:

Telephone number:

Fax number:

Authorized signatures and stamp