

Circular No. 19 of 8 June 2005
on the settlement of funds transfers of credit institutions, National Bank of Romania
and State Treasury during the period of domestic currency redenomination

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Having regard to the provisions of Art. 2 para. (2) letter b) and of Art. 22 paras. (1) and (2) of Law No. 312/2004 on the Statute of the National Bank of Romania, of Art. 56 para. 1, Art. 89 para. 1 and Art. 90 of Law No. 58/1998–Banking Act, as republished, of Art. 164 and 285 of Government Emergency Ordinance No. 97/2000 on credit co-operatives, as approved, amended and supplemented by Law No. 200/2002, as subsequently amended and supplemented, of Art. 5 paras. (1) and (2) of Law No. 348/2004 on domestic currency redenomination, as subsequently amended, and of Art. 11 of Circular No. 7/2005 issued by the National Bank of Romania on the measures to be taken by credit institutions/State Treasury for enforcement of Law No. 348/2004 on domestic currency redenomination,

Pursuant to the provisions of Art. 48 of Law No. 312/2004 on the Statute of the National Bank of Romania,

The National Bank of Romania issues this Circular:

Art. 1. (1) Final settlement of ROL funds transfers between credit institutions, between credit institutions and the National Bank of Romania, and between other institutions and the State Treasury shall be performed until 29 June 2005.

(2) Starting 1 July 2005, all payment instruments shall be issued in RON only.

(3) Starting 4 July 2005, payment systems shall process and/or make settlements for payment instructions in RON only.

Art. 2. (1) Every system administrator shall take the necessary measures so that during 22 June – 4 July 2005 the administered system complies with the provisions of Art. 1 and operates smoothly.

(2) Every system administrator shall notify in writing the National Bank of Romania – Regulation and Licensing Department of these measures and shall inform accurately, completely and in due course all participants in the system about the measures taken for the period 22 June – 4 July 2005 via the communication means used within the system.

(3) Credit institutions participating in the payment systems shall inform their clients in due course while the State Treasury shall inform the taxpayers with regard to issuance and processing of payment instruments/instructions during 22 June – 4 July 2005, as well as with regard to the procedures applied to payment instruments issued prior to the redenomination date which are due for processing and/or settlement after the redenomination date.

Art. 3. (1) The real-time gross settlement system ReGIS shall not operate on 30 June and 1 July 2005, which are declared non-banking days.

(2) Payment instructions in RON shall be processed and settled in ReGIS no sooner than 4 July 2005.

(3) On 30 June and 1 July 2005, only the payment instructions initiated by the system administrator, which concern the operations for converting the balances of settlement accounts of credit institutions/State Treasury opened with the National Bank of Romania shall be settled via ReGIS.

Art. 4. (1) The system administered by the National Bank of Romania, which ensures clearing of paper-based, cashless interbank payments, shall not operate on 30 June and 1 July 2005, which are declared non-banking days.

(2) The payment system laid down under para. (1) shall process payment instruments in ROL until 29 June 2005 and only payment instruments in RON as from 4 July 2005.

(3) The provisions of para. (2) shall not apply to debit instruments (cheques, bills of exchange, promissory notes) which, based on some agreements concluded between the signatories prior to 1 July 2005, are held in possession by their beneficiaries, being due for settlement after the said date. The clearing of such instruments shall comply with the provisions of Art. 8 para. (3) of Circular No. 7/2005 issued by the National Bank of Romania on the measures to be taken by credit institutions/State Treasury for enforcement of Law No. 348/2004 on domestic currency redenomination.

(4) During 22-29 June 2005, the maximum deadlines and periods of time set by Regulation No. 10/1994 issued by the National Bank of Romania on multilateral clearing of paper-based, cashless interbank payments, as republished, as subsequently amended and supplemented, shall be changed in accordance with the annex to this Circular.

(5) Where the clearing day, as laid down in Regulation No. 10/1994 issued by the National Bank of Romania, as republished, as subsequently amended and supplemented, is 28 June 2005, clearing of debit payment instruments may be delayed for one day only on grounds that the receiving unit does not have the necessary information about acceptance or rejection of payment instruments. Where the clearing day is 29 June 2005, clearing of the debit payment instruments may not be delayed. In both cases, if clearing of debit payment instruments on 29 June 2005 should be delayed, the receiving credit institution's unit shall reject the payment by means of the debit payment instruments which may be due for clearing in the clearing session of 29 June 2005. Payment rejections in compliance with the provisions of this paragraph shall not be reported to the Payment Incident Bureau. Clearing procedures of those debit payment instruments shall be resumed on 4 July 2005 as if those instruments were received by the sending institution from the beneficiary on 4 July 2005 and submitted to the receiving

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institution in the checking session of 4 July 2005, and they shall no longer be subject to delay in clearing. The amounts in these debit payment instruments shall be converted on the own responsibility of the beneficiaries' credit institutions and shall be written down in the collection slip.

(6) Where the provisions of para. (5) are applied, the rejection shall be considered as delay in clearing and shall be a reason for penalty. As soon as the credit institution's unit the beneficiary opened an account with is informed thereof, it shall inform the beneficiary that the debit payment instrument may not be due for processing in ROL during June 2005.

(7) Credit institutions which receive for collection, at their counters, debit payment instruments that can no longer be due for either clearing or settlement in June 2005, consistent with the maximum deadlines and periods of time set in the annex to this Circular, shall inform the beneficiaries of those payment instruments about the fact that they can no longer process those payment instruments in June 2005, immediately after receiving information thereof, as well as about the possibility for those instruments to be either collected directly from the payers or subject to clearing and settlement in July 2005, running the risk of not being collected at all or of being collected after their due dates. Before submitting the debit payment instruments to clearing, credit institutions shall convert the amounts in those instruments, in accordance with Art. 8 para. (3) of Circular No. 7/2005 issued by the National Bank of Romania, and shall write down the resulting amount in the collection slip, on the own responsibility of the owner of that debit payment instrument.

Art. 5. (1) In order for payment system administrators to make settlements after 1 July 2005 through ReGIS of net positions of clearing participants in payment systems ensuring funds clearing – positions resulting from transactions performed prior to 1 July 2005 and expressed in ROL –, they shall convert, on their own responsibility, the amounts in ROL into RON and shall initiate payment instructions in RON only.

(2) Net positions of clearing participants, which were calculated by the administrators of clearing systems of card transactions during 29 June – 3 July 2005, shall be subject to settlement in accordance with the guidelines to be issued and transmitted by the National Bank of Romania – Payments Department.

(3) The penalties in ROL inflicted on credit institutions for failure to observe the provisions of Regulation No. 10/1994 issued by the National Bank of Romania, as republished, amended and supplemented, which are due for settlement after redenomination date, shall be converted into RON by the National Bank of Romania and thereafter settled.

Art. 6. (1) On 1 July 2005, the National Bank of Romania shall convert into RON the value of the technical ceilings of unilateral collateralisation, which were communicated to participants on 29 June 2005.

(2) In order to calculate and transmit, after 1 July 2005, the technical ceilings of unilateral collateralisation to the participants in the payment systems, which ensure funds clearing, in accordance with Regulation No. 1/2005 issued by the National Bank of Romania on payment systems ensuring funds clearing, the National Bank of Romania shall convert into RON the

