

Convergence Romania Financial Sector Modernization

Special Projects Initiative Public-Private Steering Committee



Technical and regulatory requirements for improving clearing and settlement of checks, drafts and promissory notes

SPI Working Group Meeting: 23 March 2007 – STFD-TRANSFOND S.A.

Project Objective

To prepare a document that would represent a solution acceptable to all stakeholders for transition to final solution on paper-less check and other debit instrument processing on a time-compressed schedule.

Main Problem to Solve

To convince all banks, irrespective of their DI market share, on the necessity and opportunity to get to the electronic processing of DI and to agree on a comprehensive technical and regulatory framework for implementation.

Project Management Team

Project Owner (PO): Gabriela Tudor (RBA Vice President)

Project Manager (PM): Mirela Palade (TransFond, Deputy General Manager)

Deputy Project Manager (DPM): Constantin Rotaru (BCR, Director)

Participants: Mirela Palade, PM
Constantin Rotaru, DPM (BCR, Director)
George Carabasan, membru (Alpha Bank Romania)
Ileana Velicu, BCR
Iuliana Dumitrescu, Alpha Bank
Dragoş Constantinescu, Alpha Bank
Ionel Dumitru, TransFond
Angela Apetrei, TransFond
Bogdan Năstase, TransFond
Doina Cristea, TransFond
Liliana Popa, TransFond
Horaţiu Dumitru, Muşat&Asociaţii
Bogdan Mihai, Muşat&Asociaţii
Ramona Bratu, Oana Nedelescu - SPI Secretariat

Agenda: I. Discussions on the draft Emergency Ordinance that amends the Law on cheque, reviewed by the Lawyers from Musat & Associates.

II. Setting up the next meeting

I. The draft Emergency Ordinance amending the Law on cheque

The draft amendments of the Cheque Law and the Law on bills of exchange and promissory notes have been reviewed and amended by the representatives of Musat & Associates law practice in order to ensure they are legally compliant with the overall Romanian legislation and to find the best way to promote these amendments by an appropriate legal document.

Musat & Asociatii have consequently drawn up a draft emergency ordinance to amend and supplement the Law no. 59/1934 on cheques; the draft was discussed and modified together with the members of the SPI Working Group during the meeting from 23 March 2007.

The discussions led to the following conclusions:

1. The proposed amendments of the cheque format (moving all the data on the back of the paper instruments on the front of the instruments) must be agreed by the NBR;
2. At the request of the banks' representatives, the proposed amendments of Articles 11, 29 and 30 of the Law on cheques have been re-introduced into the proposed text, as they had been agreed by the SPI Working Group, as the meeting participants deemed necessary that the matters relating to signing the cheques (Article 11), the elimination of the postdated cheques (Article 29) and the standardization of the payment presentment period in Romania to 15 days (Article 30) should be clarified.
3. The proposed amendments of Articles 14¹, 32¹ and 32³ have been rephrased.
4. The last paragraph of Article 27 has been removed in order to lift the potential mistake between the aval and endorsement signatures, due to the fact that all the information on the back of the cheque is to be moved on the front, according to Article 1.
5. The provisions at Article 32¹ have been re-phrased, according to the text previously agreed by the SPI Working Group.
6. Article II (1) of the Emergency Ordinance pre-draft should provide for a transition period when former cheques are allowed to be circulated along the new cheque format until a deadline, when they are to be withdrawn from the market.

All the other Articles of the Law on cheques, submitted for approval to Musat & Associates, that were included in the Emergency Ordinance pre-draft, have been agreed.

There have also been discussed the implications brought along by the amendments of the cheque format (moving the information on the back of the cheques to the front of the cheques) on the related norms and regulations, as well as the practical implications concerning the banks and their customers.

The representatives from Musat & Asociatii emphasized the need to get the buy-in of a representative from the Ministry of Justice into the SPI Working Group, in order to

assess the scope of the amendments proposed to the Laws on cheques, bills of exchange and promissory notes. It is desirable that the Ministry of Justice and the Ministry of Public Finance should be the joint initiators of the two emergency ordinances drafts.

The Emergency Ordinance pre-draft, reviewed as per the discussions during the meetings from 23.03.2007 and revised by the Musat & Associates practice will be submitted to the SPI Working Group.

II. The following SPI Working Group meeting is to take place on April 4th, 2007, 14:00 p.m at TRANSFOND offices, no. 1, Ficusului Blvd.

The proposed agenda includes the following: (1) the draft amendments to the Law on bill of exchange and promissory note, as reviewed by Musat & Associates; (2) the expounding note that will be annexed to the emergency ordinance draft.