

Convergence Romania Financial Sector Modernization

Special Projects Initiative Public-Private Steering Committee



Proposed Operating Guidelines

Context

Enhancing the financial sector contribution to growth in Romania requires a large-scale assessment of micro-regulations that affect the efficiency of financial sector intermediation. This assessment has to take place in close cooperation between financial authorities and banking industry.

As a contribution to accelerating this process, Romania's main financial sector stakeholders have agreed to establish a high-level public-private Steering Committee that will initiate, oversee and act upon analytical projects that hold the greatest potential for their contribution to financial sector deepening in the context of the "Convergence Romania Financial Sector Modernization Program" (the "Modernization Program").

Convergence, a public-private financial sector development program administered by the World Bank, will provide analytical support to the activities of the Steering Committee through the Special Projects Initiative (hereinafter, the "SPI"). The SPI is jointly managed by a Director of Banking Products and Services and a Director of Analytics and Policy, who are made available by Convergence to act jointly as Technical Secretariat to the Steering Committee.

The Steering Committee may be referred to as the "SPI Committee".

ARTICLE 1: SPI COMMITTEE PURPOSE

Section 1. Mission Statement and Authority

The SPI Committee has been set up as a partnership among National Bank of Romania (NBR), Ministry of Public Finance (MOPF), Romanian Banking Association (RBA) and the Convergence Program (Convergence). The SPI Committee represents a high level commitment to public-private dialogue on financial sector development.

To promote and enhance the mission and goals of the SPI Committee, Convergence has launched the SPI. The SPI provides technical secretariat services to the SPI Committee. The SPI Committee will be responsible for selecting the analytical projects submitted by the SPI Directors, for approving the SPI reports before their circulation to relevant counterparts for follow-up action and for monitoring the Modernization Program progress.

Section 2. Guiding Principles

The SPI Committee will be vocal and visible in creating and communicating a shared vision among critical stakeholders regarding the financial sector modernization program. With the support of SPI analytical work, technical expertise of working groups, the SPI Committee will identify and seek solutions to issues related to the Modernization Program and make recommendations for follow-up actions to relevant stakeholders (authorities, market participants).

ARTICLE 2. SPI COMMITTEE MEMBERSHIP

Section 1. Members

The SPI Committee is composed of four members (hereinafter, the “SPI Committee Members”):

1. First Deputy Governor of the National Bank of Romania
2. Secretary of State of the Ministry of Public Finance
3. President of the Romanian Banking Association
4. Convergence Program.

The SPI Committee Members operate in their personal capacity to promote, on a best effort basis, win-win public-private solutions to financial sector modernization issues. Their actions and decisions in the SPI Committee cannot be deemed having being taken pursuant to the general powers and authority that are vested with each of them by her or his institution.

The SPI Directors will be invited to participate in the SPI Committee meetings as observers. The SPI Director for Analytics and Policy will act as SPI Committee Secretary. The Secretary will be in charge of drafting the SPI Committee meetings agenda in collaboration with the Convergence Program and disseminate minutes of SPI Committee meetings to the Members for approval following each meeting.

Section 2. Term

The SPI Committee shall be established at the beginning of the SPI that is, as of July 1st, 2006.

ARTICLE 3: SPI COMMITTEE ACTIVITIES

General Remarks:

SPI Committee Members shall attend regularly all the meetings to underline a high-level commitment to public-private dialogue. They must be able to actively participate in Committee meetings and projects.

The specific role of SPI Steering Committee is to:

1. Review the pipeline of micro-regulatory issues that require resolution and approve the proposals for individual analytical projects prepared by SPI Directors consistently with the priorities for financial sector modernization.

- a. The modernization priorities should be informed by the following two criteria: (a) the relative importance of the issues to increase growth and efficiency of Romania's financial sector intermediation and (b) their relevance to both authorities and market participants. The selection process will be largely facilitated by the use of Regulatory Impact Assessment (RIA) tools operated by SPI staff.
 - b. The selected projects will be described with an extensive Letter with needed details on guidelines, constraints, methods and structure of intended final report.
 - c. Approve the project budgets proposed by the SPI Directors in coordination with the Convergence Program and RBA management.
 - d. SPI Committee Members will indicate the availability of their respective institutions to mobilize experts for each issue identified by the SPI Committee, with a view to facilitating the task of the SPI Directors to complete the work program for each proposal.
2. Monitor, on a quarterly basis, progress of projects agreed and undertaken according to the report submitted by SPI Directors and discuss options to bring them to practical conclusions in line with SPI Program objectives.
 3. Upon SPI Directors request, provide support to them with respective authorities in the course of specific project implementation.
 4. Authorize SPI Directors to circulate certain work reports and recommendations to respective counterparts.
 5. Approve the annual report of SPI Committee goals and accomplishments for distribution to main stakeholders.

ARTICLE 4: SPI COMMITTEE MEETINGS

Section 1. Frequency, venue and chairmanship

The SPI Committee will formally meet at least quarterly at a venue chosen on a rotation basis between the three local stakeholders. The SPI Committee Member hosting the meeting will also act as a chairperson of the respective meeting.

Section 2. Notice of meeting, agenda and quorum

Notice of the meeting will be provided well in advance, with an agenda and respective meeting materials e-mailed/mailed to the SPI Committee Members at least seven days prior to the meeting.

The SPI Committee meeting agenda shall be prepared by the SPI Committee Secretariat, in consultation with SPI Committee Members under Convergence oversight. A draft will be distributed to all SPI Committee Members prior to the meeting. Any SPI Committee Member can request inclusion of items in the agenda by contacting in written form the SPI Committee Secretariat before the meeting.

A quorum shall be required to conduct the business of the SPI Committee. A quorum is defined as a simple majority of the members, i.e. ensuring the presence of three SPI Committee Members.

Section 3. Meeting Records

Minutes of the SPI Committee meetings will be kept and maintained by the SPI Committee Secretary. Approved minutes will be distributed to the SPI Committee Members no later than a week after their approval. Meeting decisions will be made publicly available in ways to be determined (Convergence website).

Section 4. Decision Making and Method of Vote

SPI Committee decisions shall be taken by consensus among the SPI Committee Members present in the meeting. No proxy voting is allowed.

Section 5. Compensation

No SPI Committee Member will receive salary or other honorarium for their services under these bylaws.

ARTICLE 5: OPERATING GUIDELINES AMENDMENTS

These guidelines shall govern the SPI Committee in all cases to which they are applicable. The SPI Committee may adopt special rules of order if required. These rules can be amended at any regular meeting of the SPI Committee by consensus, provided that the amendment has been submitted in writing at a previous meeting.

Bucharest, 14 September 2006