

Convergence Romania Financial Sector Modernization

Public-Private Special Projects Initiative



SPI Monthly Activity Report

August 2007

also on www.spi-romania.eu

Project Highlights:	<u>1 Project Working Group Meeting</u>	<i>(Monthly New Item)</i>
<i>New projects:</i>	<i>Credit rating agencies development, Implementation of MiFID</i>	
<i>Regulatory-making process:</i>	<i>Law on Safety, Electronic processing of debit instruments, AML Law</i>	
<i>Institutional development:</i>	<i>Credit Positive Information Sharing, Ombudsman</i>	
<i>Finalized projects:</i>	<i>Rural lending, IFRS Provisioning</i>	
<i>Lagging behind:</i>	<i>Bank Guarantees, Lending databases</i>	

SPI Project Working Groups Activities

New projects

- ***Credit rating agencies development:*** The NBR advanced with the preparation of the ECAI-related regulation. The PWG will focus on outlining the implementation constraints and criticalities, in order to allow for the further development of the rating agencies into local ECAIs.
- ***Implementation of MiFID:*** The SPI Secretariat has contacted NSC in order to ascertain progress with the clarification of NSC-NBR responsibilities regarding MiFID implementation. Also, following the endorsement of the SPI Committee of the proposed project action plan, the SPI Secretariat has taken steps for its implementation. In this regard, the SPI Secretariat has prepared a questionnaire to be sent to banks, which will outline the criticalities in MiFID implementation.

Regulatory-making process

- ***Amendment of law on goods safeguard:*** The SPI Secretariat followed up with the Ministry of Internal Affairs and Administrative Reforms (MIAAR) on the new law proposal. The PWG will review the final draft law once received from MIAAR and will propose further adjustments if needed.
- ***Amendment of AML law and Electronic processing of debit instruments:*** MEF will start the public consultation process for the laws pertaining to the electronic processing of debit instruments. The amendments to the AML law are currently with the Ministry of Justice, which is integrating two initiatives for amending the current legal framework.

Institutional development

- ***Credit positive information sharing:*** The SPI Secretariat has facilitated a meeting between the NBR and the NASPDP representatives for clarifying the provisions pertaining to personal data processing from GEO no. 99/2006. The SPI Secretariat will prepare a document for the SPI Committee endorsement outlining the proposed PWG solutions. The document will be also submitted to the RBA for its endorsement.
- ***Ombudsman:*** Following the endorsement by the SPI Committee, the Bank Mediator setting up documentations has been submitted to the RBA Board for approval.

Finalized projects

- ***Rural lending:*** The SPI Secretariat has sent the proposed recommendations of the SPI Committee to the Ministry of Agriculture and requested a follow up on the implementation steps.
- ***IFRS Provisioning:*** MEF has designated experts to participate in the impact assessment exercise aimed at outlining the fiscal impact of the new provisioning framework. The SPI Secretariat has finalized the impact assessment questionnaire based on the observations received from the RIA working group members. The bank survey will be launched by the NBR, in accordance with the SPI Committee instructions.

Lagging behind

- **Lending databases:** The SPI Secretariat has prepared a project action plan and requested the RBA SPI Committee member to revamp the project management group, in accordance with the decision of the SPI Committee.
- **Law on bank guarantees:** The SPI Secretariat submitted to the project management the SPI Committee letter asking for speeding up work on this project.

Others

- **Consumer education:** The SPI Secretariat started preparing a proposal for a national strategy for promoting consumer financial education. The proposed strategy will be submitted to the PWG for comments and endorsement.
- **Stress testing:** The NBR finalized its input on the central bank experience in banks' stress testing and the recommended guidelines for banks. The NBR contribution will be integrated into the paper prepared by the SPI Secretariat, which will be disseminated and discussed with banks.

Other Developments

- **SPI 2008 Pipeline:** The SPI Secretariat continued to receive project proposals for 2008 from SPI stakeholders. The SPI Secretariat will prepare an action plan for building the SPI 2008 project pipeline.
- **SPI Secretariat vacation:** The SPI Secretariat office was closed from August 6th through August 20th for vacation.

Highlights of expected September activities

- The impact assessment of the IFRS provisioning regulations on the state budget and banks financial statements will advance well;
- September 10, 2007 - SPI Secretariat Follow-Up Visit to Serbia: Oana Nedelescu, SPI Director for Policy and Analytics, will illustrate the SPI Romania activities to the Serbian Ministry of Trade and Services, at the invitation of the Serbian Ministry of Finance;
- September 12-14 - How to Design Better Financial Regulation Seminar: Mr. Stefan Nanu, Director-General of the Ministry of Economy and Finance and SPI Committee Alternate Member, and Ms. Oana Nedelescu, SPI Director of Analytics and Policy, will discuss how RIA techniques benefit the SPI Program at a regional workshop to be held at the Ljubljana's Center of Excellency in Finance. The event is addressed to South-East European authorities and institutions dealing with financial regulation;
- September 19, 2007 - SPI Secretariat Participates in EU Public Hearing on Green Paper on Retail Financial Services: Ramona Bratu, SPI Director for Bank Products and Services, attends the Public Hearing held by the European Commission on future policy directions for retail financial services.

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