



SPI Monthly Activity Report October 2007 (www.spi-romania.eu)

Project Highlights:	<i>4 Project Working Group meetings</i>	<i>(Monthly New Item)</i>
Finalized projects:	<i>Rural Lending, IFRS Provisioning, Stress Testing, Consumer Financial Education</i>	
Well advancing projects:	<i>Lending Databases, MiFID Implementation, Bank Guarantees</i>	
Regulatory-making process:	<i>Law on Safety, Electronic processing of debit instruments, AML Law</i>	
Institutional development:	<i>Credit Positive Information Sharing, Ombudsman</i>	

SPI Project Working Groups Activities

Finalized projects (analytically)

- ***Rural Lending:*** The SPI Secretariat has requested a follow up meeting with the Ministry of Agriculture on the project implementation steps.
- ***IFRS Provisioning:*** The RIA PWG outlined the preliminary findings of the impact assessment, suggesting that deferred implementation of IFRS provisions would be in line with market preparations of fully compatible internal models and would mitigate a negative tax impact. The final impact assessment will be validated by the RIA PWG and presented to the SPI Committee. The SPI Committee will submit the impact assessment to MEF in order to enable it to make a decision on the fiscal treatment applicable to bank provisions.
- ***Stress Testing:*** The background document on stress testing, prepared by the SPI Secretariat and the NBR Financial Stability Department, has been discussed with banks on the occasion of the round table organized at the RBA on October 19, 2007. The event marked the initiation of an effective dialogue between the NBR and the credit institutions on the methodologies and practices of stress testing.
- ***Consumer Education:*** The national strategic plan for promoting consumer financial education has been approved by the PWG on October 18, 2007 and subsequently sent to the SPI Committee for endorsement. The SPI Committee members suggested that the consumer financial education measures should be promoted initially by the SPI institutions and should comprise a limited set of concrete measures to be implemented during 2008.

Well advancing projects

- ***Lending databases:*** The SPI Secretariat has finalized the background document outlining the main options and a proposed action plan. The document is to be discussed and endorsed by the PWG. RBA is expected to revamp the project management group, in accordance with the decision of the SPI Committee.
- ***MiFID Implementation:*** The issues resulted from the bank survey conducted by the SPI Secretariat with banks have been discussed with NSC. The PWG will outline the solutions for overcoming the impediments perceived by banks in MiFID implementation, thus marking the achievement of the project objective.
- ***Law on bank guarantees:*** The project working group has finalized the drafting the legislative proposal referring to banks' letters of guarantee. The SPI Secretariat has sent the legislative proposals for review to the NBR Legal Department and to MEF representative in the working group. Upon endorsement by NBR and MEF, the SPI Committee will send to MoJ and to Parliament the amendment proposals.

Regulatory-making process

- **Amendment of law on goods safeguard AML law and law on cheques, drafts and promissory notes:** The SPI Secretariat followed up with relevant competent authorities (MEF and MIAAR) on the status of the enactment of the law proposals.

Institutional development

- **Credit positive information sharing:** NASPDP has submitted to the PWG a new draft decision which has been discussed in the October 10, 2007 PWG meeting. The main achievement of the project working group discussions refers to the acceptance of positive credit information to be shared within credit bureau systems. Also, some other improvements compared to the initial version of the regulations are: the reporting of delinquencies to credit bureaus after 60 days (compared to 120 days initially) and the retention period for credit information of 3 years (compared to 1-2 years initially). The discussions will continue in order to strike a balance between personal data protection needs and efficient and informative credit information systems.
- **Ombudsman:** The SPI Secretariat supported the RBA in asking the NBR and MEF endorsement on the proposed Bank Mediator setting up.

Other Developments

- **SPI 2008 Pipeline:** The SPI Secretariat prepared a long list of 31 project proposals for 2008, in line with the financial sector modernization needs and with the EU Commission guidance. The SPI Committee will approve a list of 15 projects to be undertaken in 2008.
- **RIA Knowledge Transfer and Capacity Building Program:** The RIA Knowledge Transfer and Capacity Building Program has been successfully finalized on November 1, 2007, with the three presentations on the impact assessment studies prepared by the multi-agency working groups. The final presentations, led by the Irish and UK Financial Services Authorities representatives, were attended by NBR First Deputy Governor Florin Georgescu, NSC Chairman Gabriela Anghelache, GSG Secretary of State Victor Giosan, and by other high officials from NBR, NSC, and NACP.

Highlights of expected November activities

- The final findings of the impact assessment of the IFRS provisioning regulations will be validated with the RIA PWG;
- The SPI projects on lending databases and MiFID will get closer to finalization;
- SPI Committee meeting to take place on November 13, 2007. The main items on the agenda are discussions on the recently finalized SPI projects, on the 2008 SPI Pipeline and on the 2008 administrative arrangements;
- SPI Secretariat to participate in the RIA Knowledge Transfer and Capacity Building Program provided by the Convergence Program to Bulgarian financial sector regulators.

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