

Law No. 312 / 28.06.2004
on the Statute of the National Bank of Romania

CHAPTER I

General provisions

ARTICLE 1

Legal status

- (1) The National Bank of Romania is the central bank of Romania and has legal personality.
- (2) The National Bank of Romania is an independent public institution with its headquarters in Bucharest. It may have branches and agencies in Bucharest and within the territory of Romania.

ARTICLE 2

Primary objective and main tasks

- (1) The primary objective of the National Bank of Romania shall be to ensure and maintain price stability.
- (2) The main tasks of the National Bank of Romania shall be:
 - a) to define and implement the monetary policy and the exchange rate policy;
 - b) to conduct the authorisation, regulation and prudential supervision of credit institutions and to promote and oversee the smooth operation of the payment systems with a view to ensuring financial stability;
 - c) to issue banknotes and coins as legal tender on the territory of Romania;
 - d) to set the foreign exchange regime and to supervise its observance;
 - e) to manage the official foreign reserves of Romania.
- (3) Without prejudice to its primary objective of ensuring and maintaining price stability, the National Bank of Romania shall support the general economic policy of the State.

ARTICLE 3

Co-operation with other authorities

- (1) When carrying out their tasks, the National Bank of Romania and the members of its decision-making bodies shall not seek or take instructions from public authorities or from any other institution or authority.
- (2) Prior to its adoption, any draft legal act issued by the central public authorities, concerning the fields related to the National Bank of Romania's tasks, shall be passed after having regard to the opinion of the National Bank of Romania. The opinion shall be submitted within 30 days at most from the date it was sought.
- (3) The National Bank of Romania shall co-operate with the Ministry of Public Finance in setting the macroeconomic indicators based on which the annual draft budget shall be drawn up.
- (4) The National Bank of Romania draws up, for its own needs, surveys and research studies on money, exchange rate, credit, as well as payment systems and credit institutions operations.
- (5) In order to fulfil the commitments arising from agreements, treaties and conventions Romania is part of, the National Bank of Romania shall co-operate with domestic and foreign authorities by providing information, by taking the necessary steps, or in any other way consistent with this law.
- (6) In order to implement the provisions of the banking activity legislation, concerning the co-operation with the competent authorities of the EU Member States, hereinafter referred to as *Member States*, the National Bank of Romania shall ensure the conditions required to perform the exchange of information with these authorities. The information provided to the competent authorities of Member States shall be subject to the professional secrecy requirements, defined in Art. 52 para. (1).
- (7) The National Bank of Romania may conclude co-operation agreements, referring to the exchange of information, with the competent authorities of third countries or with authorities or bodies of third countries as defined in para. (8) hereof, provided the information disclosed is subject to professional secrecy requirements according to Art. 52. The exchange of information must be performed solely for the purpose of exercising the supervisory duties of the authorities and bodies concerned. Where the information originates in a Member State, it may not be disclosed without the express consent of the competent authority, which has disclosed it, and solely for the purposes for which that authority gave its consent.
- (8) In exercising its supervisory task, the National Bank of Romania shall ensure the exchange of information with:

- a) authorities responsible for the supervision of other financial institutions and insurance companies and the authorities responsible for the supervision of financial markets in Romania and in Member States;
- b) bodies and institutions in Romania and in Member States involved in the bankruptcy and winding-up of credit institutions as well as in other similar proceedings;
- c) persons in Romania and in Member States responsible for carrying out the financial audit of credit institutions and other financial institutions;
- d) bodies managing deposit-guarantee schemes in Romania and in Member States.

(9) The National Bank of Romania may co-operate, through exchange of information as well, with authorities in Romania and in Member States, responsible for:

- a) supervising the bodies and institutions involved in the bankruptcy and winding-up of credit institutions as well as in other similar proceedings;
- b) supervising the persons carrying out the financial audit of credit institutions, financial investment firms, insurance companies and other financial institutions.

(10) The exchange of information referred to in para. (9) shall be made by complying with the following minimum requirements:

- a) the information shall be for the sole purpose of performing the supervisory tasks referred to in para. (9);
- b) the information received shall be subject to the professional secrecy requirements as defined in Art. 52;
- c) where the information originates in a Member State, it may not be disclosed without the express consent of the competent authority, which has disclosed it, and solely for the purposes for which that authority gave its consent.

(11) In order to strengthen the financial stability and preserve the integrity of the financial system, the National Bank of Romania may co-operate, through exchange of information as well, with the authorities or bodies responsible by law for the tracing out and investigation of breaches of corporate law. The exchange of information shall be performed by complying with the following minimum requirements:

- a) the information shall be used by the said authorities for the sole purpose of performing their tasks;
- b) the information received shall be subject to professional secrecy requirements as defined in Art. 52;
- c) where the information originates in a Member State, it may not be disclosed without the express consent of the competent authority, which has disclosed it, and solely for the purposes for which that authority gave its consent.

(12) The National Bank of Romania shall communicate to the European Commission and to Member States the names of the Romanian authorities, which may receive information pursuant to para. (9) - (11) hereof.

(13) The National Bank of Romania may exchange information with monetary authorities, central banks or other bodies with similar functions, as well as with other public authorities responsible for overseeing payment systems for the purpose of performing the National Bank of Romania's tasks of authorisation, regulation and prudential supervision of credit institutions and of fulfilling the tasks of the above-mentioned authorities.

(14) In order to ensure the smooth operation of the payment systems, the National Bank of Romania may communicate information of the nature of professional secrecy to clearing houses or to other similar bodies, established by law, with a view to providing clearing and settlement services for any market in Romania or in a Member State.

(15) The information the National Bank of Romania receives from the competent authorities of Member States may not be disclosed to clearing houses or to other similar bodies without the express consent of the competent authorities which disclosed it.

(16) The entities which received information, as laid down in para. (8) – (11) and para. (13) and (14) hereof, shall be bound by professional secrecy requirements.

(17) Public authorities and institutions shall provide the National Bank of Romania with the information they deem necessary or with the information required by the National Bank of Romania in order to perform effective supervision and to fulfil the primary objective and tasks of the central bank.

(18) Until the date of Romania's accession to the European Union, the exchange of information provided for in this Article shall be made solely on a mutual basis.

(19) Upon Romania's accession to the European Union, the provisions of para. (18) hereof shall also apply to the exchange of information with entities in third countries.

ARTICLE 4

International co-operation

(1) The National Bank of Romania may be empowered by the Parliament, to participate in financial, banking, monetary or payment-related international organisations, and may become a member thereof.

(2) Upon Romania's accession to the Eurosystem, the National Bank of Romania may participate in financial, banking, monetary or payment-related international organisations, and may become a member thereof, in compliance with the provisions of Art. 6 para. (2) of the Statute of the European

System of Central Banks and of the European Central Bank.

(3) The National Bank of Romania may participate, in its own name or on behalf of the State, in international talks and negotiations regarding financial, monetary, exchange rate, and payment issues as well as authorisation, regulation and prudential supervision of credit institutions.

(4) The National Bank of Romania exercises rights and fulfils obligations incumbent on Romania, in its capacity as a member of the International Monetary Fund, including the use of medium- and long-term financing facilities provided by this institution for balance-of-payment purposes and for strengthening the official foreign reserves.

(5) The National Bank of Romania may negotiate and conclude agreements, conventions, or other arrangements regarding short-term credits and other financial and banking operations with international financial institutions, central banks, banks and non-banks, provided these credits are repaid within 1 year.

(6) The National Bank of Romania may conclude, on own behalf or on behalf of the State, settlement and payment agreements or any other settlement and payment conventions, with publicly or privately owned institutions located abroad.

CHAPTER II

Monetary policy, exchange rate policy and foreign exchange regime

ARTICLE 5

Monetary policy

In conducting monetary policy, the National Bank of Romania makes use of procedures and instruments specific to open market operations and lending to credit institutions, as well as of the required reserve mechanism.

ARTICLE 6

Open market operations

(1) Direct purchase by the National Bank of Romania of debt instruments issued by the State, national and local public authorities, *régies autonomes*, national corporations, national companies and other

majority state-owned companies in the primary market is prohibited.

(2) Upon Romania's accession to the European Union, the prohibition prescribed in para. (1) hereof shall also apply to debt instruments issued by other bodies governed by public law and public undertakings of Member States.

(3) In compliance with the provisions of para. (1) hereof, the National Bank of Romania may perform, in the secondary market reverse operations, outright purchases/sales or may grant credits collateralised by the pledge of claims against or securities of the State, national and local public authorities, *régies autonomes*, national corporations, national companies and other majority state-owned companies, credit institutions or other legal entities, may execute foreign exchange swaps, issue certificates of deposits and collect deposits from credit institutions, under the terms it deems appropriate for the achievement of its monetary policy objectives.

ARTICLE 7

Lending operations

(1) The National Bank of Romania may grant loans to eligible credit institutions, under the terms established by its own regulations.

(2) Overdraft facilities or any other type of credit facility with the National Bank of Romania in favour of the State, national and local public authorities, *régies autonomes*, national corporations, national companies and other majority state-owned companies shall be prohibited.

(3) By way of exception, the provisions of para. (2) hereof do not apply to the majority state-owned credit institutions, which are treated as credit institutions, according to the provisions of para. (1) hereof.

(4) Upon Romania's accession to the European Union, the prohibition referred to in para. (2) hereof shall also apply to overdraft facilities or any other type of credit facility with the National Bank of Romania in favour of other bodies governed by public law and public undertakings of Member States.

ARTICLE 8

Reserve requirements

(1) The National Bank of Romania sets the regime of minimum required reserves to be held by credit institutions in accounts opened with the National Bank of Romania.

(2) Minimum required reserves for foreign exchange resources shall be set up in foreign exchange alone.

(3) The interest paid by the National Bank of Romania for minimum required reserves shall equal at least the average interest rate applied by credit institutions on demand deposits.

(4) Penalty interest, established by the National Bank of Romania, shall be calculated and charged for non-compliance with the level of minimum required reserves.

ARTICLE 9

Exchange rate policy

(1) The National Bank of Romania shall define and implement the exchange rate policy.

(2) The National Bank of Romania is empowered to:

- a) draw up the balance of payments as well as other documents related to Romania's international investment position;
- b) set the exchange rates for its own foreign exchange market operations, calculate and release the average exchange rates for statistical purposes;
- c) hold and manage the official foreign reserves.

ARTICLE 10

Foreign exchange regime

(1) The National Bank of Romania may draw up regulations on monitoring and controlling foreign exchange transactions in Romania and may authorise capital transactions, transactions on foreign exchange markets and other specific operations.

(2) The National Bank of Romania's regulations refer mainly to:

- a) granting and withdrawal of the authorisation as well as supervising the entities authorised to conduct foreign exchange transactions;
- b) setting ceilings and other limits on holdings of and dealings in foreign assets for legal entities and individuals;
- c) setting the ceiling and the terms for external indebtedness of legal entities and individuals that are subject to the foreign exchange regime.

ARTICLE 11

Monitoring and reporting

In order to monitor the foreign exchange transactions, the legal entities authorised to conduct foreign exchange operations shall submit to the National Bank of Romania reports on their transactions, whose form and content are established by the National Bank of Romania.

CHAPTER III

Currency issue

ARTICLE 12

Exclusive issue right

The National Bank of Romania is the sole institution authorised to issue currency in the form of banknotes and coins as legal tender in Romania.

ARTICLE 13

Currency unit

The domestic currency is the “*leu*”, with its fractional unit, the “*ban*”.

ARTICLE 14

Currency denominations

- (1) The National Bank of Romania is the sole institution entitled to set the face value, size, weight, design and other technical features of banknotes and coins.
- (2) Banknotes bear the signature of the National Bank of Romania’s Governor and that of the chief cashier.
- (3) Forgery or counterfeiting of banknotes and coins shall be punished by law.
- (4) Legal provisions regarding lost or stolen bearer securities do not apply to banknotes and coins

issued by the National Bank of Romania.

(5) The design of the banknotes and coins is protected by patents registered with the State Office for Inventions and Trademarks in Romania. Any colour full-size copy, either in whole or in part, for advertising, information or other commercial purposes shall be made with the National Bank of Romania's prior written approval only.

ARTICLE 15

Currency issue programme

(1) The National Bank of Romania shall devise the programme for issuing banknotes and coins to meet cash requirements in accordance with the real needs of money circulation.

(2) The total amount of banknotes and coins in circulation, net of cash reserves, shall be recorded under liabilities in the National Bank of Romania's books.

ARTICLE 16

Legal tender

The banknotes and coins issued and not withdrawn from circulation by the National Bank of Romania are legal tender and shall be accepted at their face value for the payment of every public and private debt.

ARTICLE 17

Issue and putting into circulation of banknotes and coins

(1) The National Bank of Romania ensures printing of banknotes and minting of coins, and takes measures for safekeeping the cash that is not in circulation as well as for the custody and destruction, where appropriate, of moulds, inks, and banknotes and coins withdrawn from circulation.

(2) The National Bank of Romania distributes the currency issued and manages the cash reserves in the form of banknotes and coins.

(3) Worn-out or improper banknotes and coins shall be withdrawn from circulation and disposed of by the National Bank of Romania, and shall be replaced by new banknotes and/or coins.

(4) The National Bank of Romania shall replace, free of any charge or fee, the banknotes and coins issued and not withdrawn from circulation.

(5) The National Bank of Romania may refuse to replace the banknotes and coins should they be defaced or illegible, or if more than 40 percent of their surface is missing. These banknotes and coins shall be withdrawn from circulation and disposed of without granting any compensation to their holders, except the special cases stipulated by the regulations issued by the National Bank of Romania.

(6) The National Bank of Romania may not be compelled to grant compensations for the banknotes or coins that were lost, stolen, defaced, counterfeited, or forged.

ARTICLE 18

Replacement of banknotes and coins

(1) The National Bank of Romania may decide to cancel or withdraw from circulation any banknotes or coins that have been issued and replace them with other types of banknotes and coins.

(2) The modality of and the period for replacing the banknotes and coins shall be published in *Monitorul Oficial al României*, Part One and in at least two national daily newspapers.

(3) At the end of the replacement period, the banknotes and coins taken out of circulation shall no longer be used for payment of public and private debts.

(4) The total amount of banknotes and coins withdrawn from circulation but not replaced in due course shall be deducted from the total amount of currency in circulation entered in the National Bank of Romania's books and shall be recognised as revenue of the National Bank of Romania.

CHAPTER IV

Operations with credit institutions

ARTICLE 19

Lending to credit institutions

(1) In accordance with its monetary and exchange rate policies, the National Bank of Romania may grant loans with maturities no longer than 90 days to credit institutions, against collateral consisting of, but not limited to:

a) government securities from public issues, by their remittance into the National Bank of Romania's portfolio, or

b) deposits with the National Bank of Romania or with other legal entities agreed by the National Bank of Romania.

(2) Upon Romania's accession to the Eurosystem, the scope of the assets eligible to collateralise the loans granted by the National Bank of Romania shall be extended to the two categories of eligible assets defined by the European Central Bank.

ARTICLE 20

Lending terms and costs

(1) The National Bank of Romania shall set and disclose the lending terms, the minimum interest rate on loans granted to credit institutions and the criteria that credit institutions must meet in order to qualify for applying for a loan from the National Bank of Romania on a competitive basis.

(2) The National Bank of Romania may set lending ceilings, interest rates, repayment dates and other terms for lending on a competitive basis from the National Bank of Romania.

(3) For all its lending operations, the National Bank of Romania shall set and collect interests and fees.

ARTICLE 21

Accounts opened with the National Bank of Romania

(1) The National Bank of Romania opens and runs accounts of credit institutions, State Treasury, clearing houses and other resident or non-resident entities, as provided by the National Bank of Romania's regulations.

(2) The National Bank of Romania performs the final, irrevocable and unconditional settlement of funds transfers in the holders' accounts.

(3) The National Bank of Romania sets and collects commissions for all operations performed through the accounts opened with it, except for those of the European Commission and of international financial organisations.

ARTICLE 22

Payment systems

(1) The National Bank of Romania shall oversee the payment systems, including the payment instruments, with a view to ensuring the security and the efficiency thereof and avoiding the systemic

risk. When carrying out this task, the National Bank of Romania shall set the required measures, implement them and monitor their implementation, regulate, authorise and supervise the payment systems, and may regulate the payment instruments.

(2) The National Bank of Romania shall regulate, authorise and supervise the payment systems' administrators and may issue regulations on the payment systems' instruments.

(3) The National Bank of Romania may provide credit institutions with liquidity by granting facilities, with the observance of Art. 19, and by the acquisition of eligible securities in accordance with its own regulations.

(4) Upon Romania's accession to the Eurosystem, the provisions of para. (3) hereof shall also apply accordingly to other market participants.

ARTICLE 23

Clearing, depository, settlement and payment services

(1) The National Bank of Romania may provide clearing, depository, settlement and payment services through accounts opened in its records, in compliance with Art. 21.

(2) Upon Romania's accession to the European Union, the National Bank of Romania may, on its own account, or on behalf and on the account of the State, partake in clearing, depository, settlement and payment agreements, or in any other contracts having this purpose, concluded with central institutions or specialised collective organisations, publicly- or privately-owned, located abroad.

ARTICLE 24

Prevention and containment of risks

In order to prevent and contain credit and default risks, the National Bank of Romania may collect and supply, upon request, against payment, according to its own regulations, data and information on payment incidents and lending risks in the credit institutions system, while keeping professional secrecy.

CHAPTER V

Prudential supervision of credit institutions

ARTICLE 25

Regulation, authorisation and prudential supervision of credit institutions

(1) The National Bank of Romania shall have exclusive competence to authorise credit institutions and shall be responsible for the prudential supervision of the credit institutions authorised to operate in Romania according to the provisions of Law No. 58/1998 on banking activity, as subsequently amended and supplemented.

(2) In order to ensure the well functioning and viability of the banking system, the National Bank of Romania is empowered to:

a) Issue regulations, take measures for their observance and apply legal sanctions in cases of infringement;

b) Check and verify, based on off-site and on-site supervision reports, the ledgers, accounts and any other documents of the authorised credit institutions that the National Bank of Romania deems necessary.

(3) The members of the National Bank of Romania's Board and the National Bank of Romania's employees charged with prudential supervision tasks shall not be subject to any civil or penal sanctions, as the case may be, if the Court finds that these persons fulfilled or failed to fulfil in good faith and with due care any action or fact related to the discharge, by law, of prudential supervision tasks.

(4) The costs associated with the judicial proceedings instituted against the persons under para. (3) hereof shall be borne by the National Bank of Romania.

(5) The employees exercising supervisory tasks are not allowed to take part either in expertise commissions or in any other control actions beyond the tasks and competences granted to them by law.

ARTICLE 26

Protection against systemic risk

In order to carry out its task on ensuring financial stability, under exceptional circumstances and only on a case-by-case basis, the National Bank of Romania may grant to credit institutions loans that are either unsecured or secured with assets other than those provided by Art. 19 hereof.

CHAPTER VI

Operations on the account of the State

ARTICLE 27

General current account of the State Treasury

- (1) The National Bank of Romania keeps in its records the general current account of the State Treasury opened on behalf of the Ministry of Public Finance.
- (2) Operations with the general current account of the State Treasury and their recording herein shall be based on conventions concluded between the National Bank of Romania and the Ministry of Public Finance.

ARTICLE 28

Operations with the State Treasury

- (1) The National Bank of Romania records collections into the general current account of the State Treasury and makes payments within the limits of the balance on this account.
- (2) The National Bank of Romania charges fees for settlement of operations through the general current account of the State Treasury opened in its records, and pays interest on the deposits in this account.
- (3) The National Bank of Romania may act as the State's agent in selecting the credit institutions eligible to collect deposits of the State Treasury, under the terms established with the Ministry of Public Finance.

ARTICLE 29

Operations with government securities

- (1) In compliance with Art. 6 para. (1) of this law, direct purchase by the National Bank of Romania of government securities in the primary market is prohibited.
- (2) According to the agreements previously concluded with the Ministry of Public Finance and to its own regulations, the National Bank of Romania may act, against a commission, as agent on behalf of the State, so as to:
 - a) place with third parties government securities and other negotiable debt instruments issued by the Romanian Government;

- b) act as registrar, depository and transfer agent for government securities;
 - c) repay principal and pay related interest, fees and commissions;
 - d) perform settlement operations with the general current account of the State Treasury;
 - e) perform other operations in compliance with the central bank's primary objective and tasks;
 - f) make payments related to the above-mentioned operations, through the accounts opened in its records, including payments related to the issuers' debt servicing as well as other dealing and operational costs.
- (3) The State's borrowings based on government securities shall be performed according to the conventions concluded between the National Bank of Romania and the Ministry of Public Finance, that establish at least the following terms: value of borrowing, maturity date, interest rate and interest calculation up to the maturity date, debt servicing costs, as well as data regarding negotiable government securities issued for each borrowing.

CHAPTER VII

Gold and foreign assets operations

ARTICLE 30

Foreign reserves

- (1) In compliance with the general regulations on liquidity and foreign assets-related risk, the National Bank of Romania sets and maintains foreign reserves, under appropriate terms allowing the National Bank of Romania to be able to periodically determine their precise level. These reserves are made up cumulatively or selectively of the following elements:
- a) gold holdings with the National Bank of Romania or deposited abroad;
 - b) foreign assets, in banknotes and coins, or in accounts opened with banks or other financial institutions abroad, denominated in the currencies and held in the countries selected by the National Bank of Romania;
 - c) any other worldwide acknowledged reserve assets, including the right to purchase from the International Monetary Fund within the reserve instalment, as well as the special drawing rights holdings;
 - d) bills of exchange, cheques, promissory notes, bonds and other negotiable or non-negotiable securities, issued or secured by non-resident legal entities, classified as low-risk securities by

worldwide recognised international rating agencies, denominated and payable in foreign currency in the places agreed by the National Bank of Romania;

e) Treasury bills, bonds and other government securities, issued or guaranteed by foreign governments or intergovernmental financial institutions, negotiable or non-negotiable, denominated and payable in foreign currency in the places agreed by the National Bank of Romania.

(2) The National Bank of Romania shall maintain the foreign reserves at a level adequate for Romania's external transactions.

(3) Should the foreign reserves lessen to a level that might endanger the State's external transactions, and should this actually occur, the National Bank of Romania shall submit to the Government and the Parliament a report on the level of foreign reserves and the causes that led or can lead to such a decrease. The report shall include the National Bank of Romania's recommendations regarding the macroeconomic government policies required to avert or improve the situation.

ARTICLE 31

Foreign reserve management

The National Bank of Romania is authorised, under the terms established by it and subject to its periodical amendments, to perform the following transactions:

a) to purchase, sell, and perform other transactions with gold bullion and coins, and with other precious metals;

b) to purchase, sell and perform other transactions with foreign currencies;

c) to purchase, sell and perform other transactions, in the secondary market, with Treasury bills, bonds, and other securities issued or guaranteed by foreign governments or intergovernmental financial institutions;

d) to purchase, sell and perform other transactions with securities issued or guaranteed by central banks, international financial institutions, banks and non-banks;

e) to open and hold accounts with other central banks and monetary authorities, banks and international financial institutions;

f) to open and hold accounts and to perform correspondent-bank transactions for international financial institutions, central banks and monetary authorities, banking and financial institutions, intergovernmental financial institutions from abroad, as well as for foreign governments and their agencies.

CHAPTER VIII
Management and administration

ARTICLE 32
Management of the National Bank of Romania

- (1) The National Bank of Romania is managed by a Board.
- (2) The executive management of the National Bank of Romania, within the Monetary Policy Committee and the Supervision Committee, shall be performed by the Governor, the Senior Deputy Governor and two Deputy Governors, under the terms stipulated in the bylaw approved by the Board.
- (3) The Board's activity is subject to the provisions of this law and to the regulations issued by the National Bank of Romania.

ARTICLE 33
The Board

- (1) By law, the National Bank of Romania's Board decides on:
 - a) the monetary and exchange rate policies, monitoring their implementation;
 - b) the measures for authorisation, regulation and prudential supervision of the credit institutions and oversight of the authorised payment systems;
 - c) the guidelines for managing the operations and the responsibilities incumbent on the National Bank of Romania's staff;
 - d) the internal organisational structure, indemnities, salaries and other pecuniary rights granted to the staff;
 - e) the tasks and composition of the Monetary Policy Committee, the Supervision Committee, the Foreign Reserves Management Committee and the Audit Committee operating within the National Bank of Romania;
 - f) temporary delegation of its powers to the executive management, when special situations require such a solution.
- (2) The National Bank of Romania's Board is made up of nine members, as follows:
 - a) the chairman – the Governor of the National Bank of Romania;
 - b) the vice-chairman – the Senior Deputy Governor;
 - c) seven members, of whom two are Deputy Governors and the other five are not the National Bank of

Romania's employees.

(3) Members of the National Bank of Romania's Board are appointed by the Parliament - that also nominates the executive management - on the recommendation of the competent standing committees of the two Chambers of Parliament.

(4) Appointments are made for a period of five years, with the possibility of renewal.

(5) In case the Board becomes incomplete, the vacancies shall be filled for the respective office, in compliance with provisions of paragraphs (3) and (4) hereof.

(6) A member of the Board may be recalled from office by the Parliament, at the joint proposal submitted by the competent standing committees of the two Chambers of Parliament, if s/he no longer fulfils the conditions required for the performance of her/his duties or if s/he has been found guilty of serious misconduct.

(7) No member of the National Bank of Romania's Board can be replaced for other reasons or following a procedure other than that stipulated under para. (6) hereof.

(8) Appointment, retirement and recalling from office of any member of the National Bank of Romania's Board shall be published in *Monitorul Oficial al României*, Part One.

(9) The decision to recall from office a member of the National Bank of Romania's Board may be appealed to the High Court of Cassation and Justice within 15 days from its publication in *Monitorul Oficial al României*.

(10) The Minister of Public Finance and one of the State Secretaries in the Ministry of Public Finance may participate, without voting rights, in the meetings of the National Bank of Romania's Board.

ARTICLE 34

Incompatibilities and conflicts of interest

(1) Members of the National Bank of Romania's Board may not be deputies, senators, or politically affiliated and may not belong either to the judicial authority or to the public administration.

(2) Upon Romania's accession to the Eurosystem, the members of the National Bank of Romania's Board involved in the performance of European System of Central Banks-related tasks may not hold other positions, which would conflict with their duties as members of the Board.

(3) Members of the Board and the executives of the National Bank of Romania shall observe the legal provisions on the incompatibilities and conflict of interest regime.

(4) Members of the Board shall perform their duties on a full-time basis, while being allowed to perform teaching and research activities.

ARTICLE 35

Prerogatives of the National Bank of Romania's Governor

- (1) The National Bank of Romania's Governor shall take measures to enforce legal provisions, the Board's decisions and other regulations concerning the National Bank of Romania. The Governor may delegate some of his powers to the Senior Deputy Governor and to the Deputy Governors, under the terms established by the Board.
- (2) The Governor shall appoint the staff of the National Bank of Romania's headquarters and the managers of the branches and agencies.
- (3) The Governor shall issue orders and decisions and shall represent the National Bank of Romania in its relations with third parties, and shall sign directly or by way of the persons mandated by her/him, all the treaties and conventions concluded.
- (4) On behalf of the Board, the Governor shall submit to the Parliament, until 30 June of the following year, the National Bank of Romania's annual report, which covers the National Bank of Romania's activities, annual financial statements and the auditor's report, subject to debate, but not voted in the joint session of the two Chambers of Parliament.
- (5) Should the Governor be absent or incapacitated to act, the Senior Deputy Governor shall take charge.

ARTICLE 36

Auditing of annual financial statements

- (1) The National Bank of Romania's annual financial statements shall be audited by financial auditors, legal entities authorised by the Financial Auditors Chamber in Romania, selected by the National Bank of Romania's Board on an auction basis.
- (2) The financial auditor's report and opinion shall be submitted to the National Bank of Romania's Board and shall be published along with the annual financial statements.

CHAPTER IX

Annual financial statements and accounting records

ARTICLE 37

Annual financial statements

- (1) The National Bank of Romania's financial statements shall be drawn up in accordance with the accounting principles and rules established by the international accounting standards, applicable to central banks, acknowledged by the European Central Bank and shall include the following: balance sheet, profit and loss account and the notes on the accounts.
- (2) The National Bank of Romania's annual financial statements shall reflect accurately the financial standing and the financial performance for that financial year.
- (3) The models of annual financial statements shall be drawn up by the National Bank of Romania, having regard to the opinion of the Ministry of Public Finance.

ARTICLE 38

Capital of the National Bank of Romania

- (1) The National Bank of Romania's current capital shall be raised to ROL 300 billion and is fully state-owned.
- (2) The capital increase shall be performed on 31 December 2004, by incorporating the amounts existing at that time in the reserve fund so that the level provided for under para. (1) be reached.

ARTICLE 39

Statutory reserves

- (1) The statutory reserves shall comprise the amounts left in the reserve fund after the increase in capital, as laid down in Art. 38.
- (2) The statutory reserves shall be increased annually in accordance with the provisions of Art. 43 hereof.

ARTICLE 40

Chart of accounts

(1) The National Bank of Romania shall issue its own regulations on organising and conducting the accounting activity, in compliance with the legislation in force, having regard to the opinion of the Ministry of Public Finance.

(2) The National Bank of Romania shall record its economic and financial operations in compliance with its own chart of accounts, having regard to the opinion of the Ministry of Public Finance.

ARTICLE 41

Revenue and expenditure budget

The annual revenue and expenditure budget shall be approved by the National Bank of Romania's Board and its execution shall be verified according to the practices and procedures of internal control and audit.

ARTICLE 42

Assessment of the financial statements' records

(1) The National Bank of Romania shall assess periodically, at least annually, the records entered in its financial statements.

(2) The net differences resulting from the evaluation of assets and liabilities denominated in foreign currencies, special drawing rights, gold, silver and other precious metals, as well as of coins and other objects of gold, silver, other precious metals and gems, pursuant to changes in value or ROL exchange rate, shall be recorded separately in the special revaluation account.

ARTICLE 43

Profit calculation and distribution

(1) The National Bank of Romania shall transfer to the State budget a share of 80 percent of the net revenues left after deducting the following:

a) expenses related to the financial year, including expenses for the provisions established under para.

(3) hereof;

b) the loss related to the previous financial years that remained uncovered after applying the provisions of Art. 44.

(2) The share referred to in para. (1) hereof shall be transferred monthly, until the 25th of the following month inclusive, based on a special statement. This share represents revenue to the State budget. The adjustments related to the financial year shall be performed by the deadline for submission of the annual balance sheet according to the law, based on a rectifying special statement.

(3) The National Bank of Romania shall set up provisions for credit risk according to its own norms approved by the National Bank of Romania's Board, having regard to the opinion of the Ministry of Public Finance thereon.

(4) The provisions set up by the National Bank of Romania according to its own norms approved by the Board, other than those referred to in para. (3) hereof, shall be borne out of the profit remaining after applying the provisions of para. (1) hereof.

(5) The profit remaining after applying the provisions of paragraphs (1) and (4) hereof shall be distributed and used in accordance with the following priority order:

- a) for statutory reserves – up to 60 percent;
- b) for setting up its own financing sources – up to 30 percent;
- c) for the employees' profit-sharing scheme – up to 10 percent;
- d) the amounts remaining after the distributions stipulated under letters a), b) and c) hereof shall be used for the purposes established by the National Bank of Romania's Board.

ARTICLE 44

Loss coverage

In the event of a loss incurred by the National Bank of Romania during a financial year, the loss shall be covered from the available sources in the following priority order:

- a) special revaluation account;
- b) statutory reserves.

ARTICLE 45

Liability for records

For possible errors in making payments or entries into the holders' accounts, the National Bank of Romania shall be liable only for the amount mistakenly paid out or entered into an account, including

penalties payable to the State budget, which are borne by accountholders in such cases as provided for by law, if a written complaint is filed by the expiry of the legal prescription deadline.

ARTICLE 46

Publication of annual financial statements

Subsequent to their adoption by the Board, the National Bank of Romania's audited annual financial statements shall be published in *Monitorul Oficial al României*, along with the financial auditor's report.

CHAPTER X

Final provisions

ARTICLE 47

Applicable legislation

(1) The National Bank of Romania's operations shall be subject to the relevant legal provisions applicable in the field, unless Law No. 58/1998 on banking activity, as subsequently amended and supplemented, and this law stipulate otherwise.

(2) Commercial operations performed by the National Bank of Romania, as shown in the revenue and expenditure budget and in the annual financial statements shall be subject to subsequent auditing by the Court of Auditors.

ARTICLE 48

Regulations issued by the National Bank of Romania

(1) The National Bank of Romania is empowered to issue the regulations required to implement legal provisions and ensure their observance.

(2) The regulations issued by the National Bank of Romania shall consist of regulations, orders, norms and circulars binding upon private and public legal entities as well as upon individuals.

ARTICLE 49

Statistical data

- (1) The National Bank of Romania is authorised to collect raw statistical data and information needed to carry out its statutory tasks.
- (2) The National Bank of Romania is empowered to establish methodologies on collecting, processing, analysing, distributing and building up statistical data series in its fields of competence.
- (3) Public and private legal entities as well as individuals shall be compelled to provide the National Bank of Romania with statistical data and information, free of charge, on the requested dates, at the requested periodicities and in the requested form, according to the regulations and instructions issued by the National Bank of Romania, based on this law. The reporting obligations for the entities without legal personality shall be incumbent on the persons assigned to represent these entities.
- (4) The National Bank of Romania is entitled to check the methods used to determine the reported data and information and their matching with the records of raw data holders. If the received information and documentation are not adequate or if there are doubts concerning their accuracy or entirety, the National Bank of Romania may ask for additional information and explanations in this respect.
- (5) The statistical data and information are deemed confidential if they enable, directly or indirectly, the identification of statistical subjects, thus revealing information of an individual nature. The confidential statistical data and information may not be used as evidence in Court or to establish rights or obligations for the concerned statistical subjects.
- (6) The statistical data deriving from processing individual data may be published or disseminated by the National Bank of Romania, entirely or partially, provided legal entities and individuals cannot be directly or indirectly identified.
- (7) The National Bank of Romania shall ensure protection of data referring to individual subjects – legal entities or individuals – obtained either directly or indirectly, from administrative sources or other sources.

ARTICLE 50

Special guarantees

- (1) Conventions, contracts or any other loan agreements concluded by the National Bank of Romania constitute writs of execution in case of payment default for the entire balance of the outstanding claim, including interest or related costs.

(2) The competent enforcing institutions shall foreclose the claims of the National Bank of Romania on the basis of the latter's notification.

(3) Should a debtor default on its commitments, the National Bank of Romania shall exercise its right to recover claims by foreclosing the collateral as follows:

a) total or partial sale, in the debtor's account, of securities and commercial paper lodged as collateral, within 3 days at most, following a simple summons by way of an extra-judicial act;

b) the proceeds shall be used to recover the claims, payments in advance, interests and any other costs incurred by the National Bank of Romania and the prospective surplus shall be remitted to the debtor.

ARTICLE 51

Operations for third parties

(1) The National Bank of Romania may perform some operations in favour of third parties provided that the necessary documents are submitted. The National Bank of Romania may require collateral in the form of real or personal guarantees, whenever it deems necessary.

(2) Except for the provisions of Art. 7, the National Bank of Romania shall not grant any financial assistance in the form of loans, resources, total or partial takeover of obligations related to a loan or another debt instrument, of a debt or a related liability, or in any other form.

(3) In compliance with the provisions of para. (2) hereof, the National Bank of Romania may:

a) invest its financial resources in highly liquid securities issued by creditworthy debtors;

b) acquire, while foreclosing its claims, any kind of rights that can be realised;

c) grant its employees one housing loan and loans for durable goods, at an interest rate at the level of the average monthly interest rate applied by commercial banks.

ARTICLE 52

Professional secrecy

(1) Members of the Board and employees of the National Bank of Romania shall observe the professional secrecy of any information not intended for disclosure, which they acquired in the performance of their duties and shall not use this information for their personal benefit, any infringement being punished by law. Members of the Board and employees of the National Bank of Romania shall further be bound by professional secrecy requirements even after their duties have ceased, any infringement being punished by law. The provisions of this paragraph shall also apply to

the financial auditors authorised to perform supervisory actions under Law No. 58/1998 on banking activity, as subsequently amended and supplemented.

(2) Supply of information mentioned under para. (1) hereof shall be possible upon being signed by the National Bank of Romania's Governor or by the authorised persons, in the following situations:

a) during judicial proceedings, at the written request of judicial authorities, or of criminal investigation authorities upon approval of the public prosecutor, as the case may be;

b) during negotiations or when carrying out international agreements to which Romania or the National Bank of Romania is part;

c) within the framework of co-operation agreements with other authorities or at the National Bank of Romania's initiative with a view to ensuring monitoring and supervisory tasks by law;

d) during civil or commercial proceedings related to the bankruptcy of a credit institution or to its winding-up, following authorisation withdrawal, except for information concerning third parties attempting to restore to viability the credit institution in question.

(3) Persons entitled to require and receive information considered as banking professional secrecy shall be bound to confidentiality and may use such information only for the purpose for which the information was required or supplied by law or in accordance with the concluded agreements, any infringement being punished by law.

(4) When exercising its tasks in the field of authorisation, regulation and prudential supervision of credit institutions, the National Bank of Romania may use the information received under the conditions of professional secrecy only in the following situations:

a) to check that the conditions governing the establishment of credit institutions are met;

b) to supervise, on an unconsolidated basis and on a consolidated basis, the activity of credit institutions, especially with regard to their liquidity, solvency, large exposures, administrative and accounting procedures and internal control mechanisms;

c) to impose sanctions;

d) appeal filed by credit institutions against administrative acts issued by the National Bank of Romania;

e) court proceedings initiated pursuant to Art. 83 of Law No. 58/1998 on banking activity, as subsequently amended and supplemented.

(5) Where the information originates in another state, it may not be disclosed without the express consent of the authority that has disclosed it and, where appropriate, solely for the purpose for which that authority has given its consent.

ARTICLE 53

Indemnities

Members of the National Bank of Romania's Board shall be paid indemnities.

ARTICLE 54

Participating interest

The National Bank of Romania shall not hold a participating interest, either directly or indirectly, in any commercial company or *régie autonome*, except for its own companies that print banknotes and mint coins or other companies that may contribute to the fulfilment of the National Bank of Romania's tasks.

ARTICLE 55

Real estate property

The National Bank of Romania may only invest in real estates for its own operating needs and the collective needs of its employees, as established by its Board.

ARTICLE 56

Communication with the general public

- (1) All the regulations issued by the National Bank of Romania shall be published in *Monitorul Oficial al României*.
- (2) The National Bank of Romania shall keep a public register comprising its regulations published in *Monitorul Oficial al României*.
- (3) The objective of communication is to provide the general public, the domestic and international business communities, public administration and the academic community, with a clear image of the policies and the measures adopted by the National Bank of Romania in fulfilling its tasks.
- (4) The National Bank of Romania shall publish periodically the annual report, reports on Romania's balance of payments and international investment position, inflation report, bulletins and press releases concerning money and credit developments, studies and other papers supplying information to the general public.

ARTICLE 57

Sanctions

(1) For failure to observe the provisions of this law as well as the regulations and decisions of the National Bank of Romania's Board, unless the cases are governed by the provisions of Law No. 58/1998 on banking activity, as subsequently amended and supplemented, the Governor, the Senior Deputy Governor and the Deputy Governors, in compliance with the bylaw approved by the National Bank of Romania's Board, may apply the following sanctions:

- a) written warning;
- b) fine from ROL 5 million to ROL 50 million; the collections shall be revenues to the State budget;
- c) partial or total suspension of the authorisation granted by the National Bank of Romania for 90 days at most;
- d) withdrawal of the authorisation granted by the National Bank of Romania.

(2) Appeals may be filed within 15 days from the date the sanction was notified and shall be solved by the National Bank of Romania's Board in 30 days at most from the date they were received.

(3) The decisions of the National Bank of Romania's Board may be appealed in the Bucharest Appeal Court within 15 days from the notification.

(4) Within the period referred to in para. (2) hereof, the appeals may be filed directly to the Bucharest Appeal Court as well.

ARTICLE 58

Abrogations

On the date this law enters into force, Law No. 101/1998 on the Statute of the National Bank of Romania, published in *Monitorul Oficial al României*, Part One, No. 203 of 1 June 1998, as subsequently amended and supplemented, shall be repealed.

ARTICLE 59

Entry into force

This law shall enter into force 30 days after its publication in *Monitorul Oficial al României*, Part One, except for the provisions of Art. 36, 37, 39, 40, 42, 43, 44 and 46, which shall enter into force on 1 January 2005.

This law was passed by the Parliament of Romania, abiding by the provisions of Art. 75 and Art. 76 para. (2) of the Constitution of Romania, as republished.

Bucharest, 28 June 2004

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