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Regulation on CHIBOR and CHIBID reference rates, approved by DCA of the NBM no.110 of May 30, 2013

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COUNCIL OF ADMINISTRATION
OF THE NATIONAL BANK OF MOLDOVA

DECISION no. 110
of 30May 2013

On the approval of the Regulation on CHIBOR and CHIBID reference rates

Pursuant to Art.5 letter a), Art.11, Art.26 letter c) of the Law no.548-XIII of 21 July 1995 on the National Bank of Moldova (Official Monitor of the Republic of Moldova, 1995, no.56-57, Art.624), as amended and complemented, the Council of Administration of the National Bank of Moldova

DECIDED:

1. To approve the Regulation on CHIBOR and CHIBID reference rates, according to the annex.

2. To abrogate the Decision of the Council of Administration of the National Bank of Moldova no.242 of 11 August 2005 "On the approval of the Regulation on CHIBOR and CHIBID reference rates" (Official Monitor of the Republic of Moldova, 2005, no.110-112, art.386), including further amendments and completions.

3. This decision shall enter into force on 1 July 2013.

Annex
to the Decision of the Council of Administration
of the National Bank of Moldova
no.110 of May 30,2013

Regulation
on CHIBOR and CHIBID reference rates

Chapter I
General provisions

1. This Regulation establishes the determination and publication of CHIBOR and CHIBID reference rates on interbank money market of the Republic of Moldova, rights and obligations of the parties involved in the process.

2. The provisions of this Regulation shall apply to licensed banks by the National Bank of Moldova in the process of determining the CHIBOR and CHIBID reference rates.

3. For the purposes of this Regulation the following definitions shall be used:
a) fixing agent - the entity that performs the fixing as established by this Regulation and under the contract concluded between the National Bank of Moldova and the respective entity (Bloomberg Finance L.P.);
b) contributor bank - the bank selected by the National Bank of Moldova to participate in fixing under the conditions laid down in this Regulation;
c) CHIBOR (Chisinau Interbank Offered Rate) - the reference rate calculated as prescribed by this Regulation based on indicative /firm quotations of contributor banks to place funds in MDL with other banks;
d)CHIBID (Chisinau Interbank Bid Rate) - the reference rate calculated as prescribed by this Regulation based on indicative/firm quotations of contributor banks to attract funds in MDL from other banks;
e) firm quotation - interest rate quotation on the placement/attraction of funds on interbank money market, indicating the trading volume at the respective rate, which is mandatory when conducting the transaction for the bank making the quotation, in case another bank has decided to place/attract funds;
f) indicative quotation (informative) - interest rate quotation on placement/attraction of funds on the interbank money market, which is not firm and is used by the bank making the quotation to inform other banks;
g) fixing - actions taken to establish CHIBOR and CHIBID reference rates in accordance with the conditions laid down in this Regulation;
h) interbank money market - the market for short-term lending between banks (up to 1 year including).

Chapter II
Selection conditions and obligations of contributor banks

4. National Bank shall select as contributor banks the licensed banks that meet cumulatively the following conditions:
1) have submitted to the National Bank, upon its invitation, a participation agreement as provided for in the annex to this Regulation, according to which it commits itself to participate in setting the CHIBOR and CHIBID reference rates and to observe the provisions of this Regulation;
2) meet at least one of the following criteria:
a) hold assets in a volume not less than MDL 1.0 billion according to the data available to the National Bank;
b) are active on interbank money market as a lender.
When selecting the contributor banks, the National Bank shall take into account their financial situation at the end of the last reporting period before determining/revising the list.

5. Contributor bank is obliged to have Bloomberg terminal and:
1) to publish on its Bloomberg page the indicative/firm quotations during each business day until 10:45 a.m. local time, for the following maturities: overnight, 1 week, 2 weeks, 1 month, 3 months, 6 months, 12 months. The interest rates shall be displayed with two digits after the decimal point, as for the calculation the convention Actual/365 days shall be used (the number of calendar days in the month and 365 days in the year). The value date (the date on which transaction-related settlements are carried out) shall be deemed the fixing date for overnight maturity and spot date (two days after the transaction) for the remaining maturities;
2) to publish quotations comparable with the current trends in the interbank money market, freely determining the difference between ask and bid rates for a given maturity;
3) to inform in writing the National Bank on reasons of failure to publish the quotations according to the provisions of subitem 1) of this item not later than the third working day after the failure.

6. Contributor bank shall be entitled to change during the day the quotations displayed on its page in Bloomberg system.

7. National Bank, in accordance with the conditions set out in item 4 of this Regulation, shall determine,

review (at least once a year) and publish on its official website the list of contributor banks, informing by a notice the fixing agent, the new selected banks and those removed from the list.

Chapter III
Determination and publication of reference rates

8. CHIBOR and CHIBID reference rates shall be determined automatically by the fixing agent every working day at 10:45 a.m. local time, by calculating the arithmetic average of the interest rates, after removing the minimum rate and maximum rate, in the breakdown by maturity:
   a) overnight (O/N)
   b) 1 week (1W)
   c) 2 weeks (2W)
   d) 1 month (1M)
   e) 3 months (3M)
   f) 6 months (6M)
   g) 12 months (12M)
   In determining the CHIBOR and CHIBID reference rates for the respective day, there shall be used the rated published by the contributor banks until 10:45 a.m. local time.

9. CHIBOR and CHIBID reference rates shall be published in Bloomberg system at 11:00 a.m. local time.

10. If at the maximum or minimum rate were displayed more quotations, only one maximum quotation and one minimum quotation will be excluded from the calculation of CHIBOR and CHIBID reference rates.

11. If for various reasons, including technical, the quotations for a particular maturity are not displayed by all contributor banks, the following rules shall be applied:
    1) if the quotations are displayed by 6 or fewer contributor banks, the maximum rates and minimum rates shall not be eliminated from the calculation of CHIBOR and CHIBID reference rates;
    2) if the quotations are displayed by 4 or fewer contributor banks, the reference rates for the respective maturity shall not be determined.

12. If the CHIBOR and CHIBID reference rates can not be calculated at the set time, the fixing time can be delayed until 4:00 p.m. at the latest; the fixing agent shall publish a notice in this regard.

13. If the determination of the reference rate is not possible for the current day, the previous day rates shall be used as to maintain the daily series.

14. National Bank shall publish the CHIBOR and CHIBID reference rates on its official website until 12:00 noon (in exceptional cases until the end of the workday).

Chapter IV
Analysis of contributor banks activity

15. National Bank shall periodically analyze the contributor banks' activity and, if a contributor bank fails to observe the obligations set forth in item 5 of this Regulation, it may notify and may exclude the bank from the list of contributor banks.

16. National Bank shall inform in writing the fixing agent on the exclusion of the respective bank from the list of contributor banks, specifying the date of exclusion. In this case, the fixing agent shall determine the reference rates based on a smaller number of contributor banks, until the National Bank assigns this status to a new candidate.

See also

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Chisinau Interbank Offered Rate [2]

Chisinau Interbank Bid Rate [3]

fixing [4]

reference rate [5]

interbank money market [6]

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