D E C I S I O N
on approving, amending and repealing
some regulatory acts of the National Bank of Moldova

No. 240 of 9 December 2013
(in force since 24 January 2014)

Official Monitor No. 17-23 Article 97 of 24 January 2014

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REGISTERED:
Ministry of Justice of the Republic of Moldova
No. 955 of 15 January 2014
Minister _____Oleg EFRIM

Pursuant to Article 5 item d), Article 11, Article 26 item c), Article 44 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, Article 624), with subsequent amendments and completions, and Article 25, Article 28, Article 31 and Article 40 of the Law No.550-XIII of 21 July 1995 on financial institutions (republished in the Official Monitor of the Republic of Moldova, 2011, No.78-81, Article 199), with subsequent amendments and completions, the Council of Administration of the National bank of Moldova

DECIDES:

1. The Regulation on "large" exposures shall be approved according to Annex 1.

2. The Regulation on Banks' Transactions with their related parties shall be approved according to Annex 2.

3. The Regulation on assets and conditional commitments classification, approved by the Decision of the Council of Administration of the National Bank of Moldova No.231 of 27 October 2011 (Official Monitor of the Republic of Moldova, 2011, No. 216-221, Article 2007), with subsequent amendments and completions, registered at the Ministry of Justice of the Republic of Moldova on 1 December 2011 No. 856, shall be amended as follows:

a) paragraph 1, subparagraph 1), item b) the text, "except the placements and overnight credits that did not exceed the one-day repayment term" shall be excluded;

b) paragraph 8 the phrase "listed in Chapter I, item E of Regulation No. 3/09 on "large" exposures, approved by the Council of Administration of the National Bank of Moldova, minutes No. 37 of 1 December 1995" shall be replaced by the phrase "listed in paragraph 2, subparagraph 5) of the Regulation on "large" exposures"".

4. Throughout the text of the Regulation on internal control systems in banks, approved by the Decision of the Council of Administration of the National Bank of Moldova No. 96 of 30 April 2010 (Official Monitor of the Republic of Moldova 2010, No. 98-99, Article 368), registered at the Ministry of Justice of the Republic of Moldova on 4 June 2010 No. 754, the terms "joint activities", "of joint activities", "acts jointly" and "of acting jointly" shall be replaced with the terms "concerted activities", "of concerted activity", "acts in concert" and "acting in concert".

5. Certain regulatory acts of the National Bank of Moldova, according to Annex 3 shall be repealed.

6. As of 30 June 2014 paragraph 2, subparagraph 1), item b) of Regulation on "large" exposures the text "25%" shall be replaced with the text "20%".
7. Banks shall comply with maximum limits set out in Chapter II of the Regulation on "large" exposures and in Chapter III of the Regulation on bank's transactions with their related parties until 30 June 2014. Any decision regarding the conclusion of the transaction or the extension of the transaction already existing at the date of entry into force of the provisions of this decision shall be carried out according to the conditions and restrictions of the regulations concerned.
8. Within one month from the date of publication in the Official Monitor of the Republic of Moldova, the banks, which exceed the maximum limits mentioned in paragraph 7 of the present Decision, shall submit to the National Bank a detailed action plan regarding their compliance with respective limits.
9. Excess of maximum limits, set out in Chapter II of the Regulation on "large" exposures and Chapter III of the Regulation on Bank's Transactions with their related parties, shall not be considered as a violation until 30 June 2015, if such excess is caused by the exposures assumed by the bank before the date of entry into force of the provisions of paragraph 6 of this Decision. Any Decision upon concluding the transaction or the extending the transaction concluded before the entry into force of the provisions of paragraph 6 of this Decision shall be made in accordance with the conditions and restrictions of the above-mentioned regulations.

CHAIRMAN OF THE COUNCIL OF ADMINISTRATION
OF THE NATIONAL BANK OF MOLDOVA **Dorin DRĂGUŢANU**
Chisinau, 9 December 2013.
No.240.

[Annex No.1 repealed by the NBM's Decision No.109 of 5 April 2019, in force since 19 July 2019]
[Annex *No.1 amended by the NBM's Decision No. 269 of 17 October 2016, in force since 4* November 2016]
[Annex No.1 amended by the NBM's Decision No. 45 of 1 October 2015, in force since 13 December 2015]

Annex No.2
to the Decision of the Council of Administration
of the National Bank of Moldova
No. 240 of 9 December 2013

Note: Throughout the text of this Regulation the term "civil servant" shall be replaced with the term "employees" at the corresponding grammatical form, according to the NBM's Decision No. 110 of 5 April 2019, in force since 19 June 2019
Note: Throughout the text of this Regulation the term "acting in concert" shall be replaced with the term "related to" at the corresponding grammatical form, according to the *NBM's Decision No. 269 of 17 October 2016, in force since 4 November 2016*

R E G U L A T I O N
on Banks' Transactions with Their Related Parties

Chapters I
GENERAL PROVISIONS

1. This Regulation establishes requirements for concluding, approving, registering, carrying out and reporting transactions with related parties, exposures associated with these transactions, as well as specific identification features of the bank's related parties as set out by the National Bank of Moldova in the framework of the supervision activity and minimum requirements regarding internal regulations and risk mitigating practices associated with transactions with related parties.

[Paragraph 1 amended by the NBM's Decision No.110 of 5 April 2019, in force since 19 June 2019]
[Paragraph 1 completed by the NBM's Decision No.269 of 17 October 2016, in force since 4 November 2016]

2. For the purpose of this Regulation, the following terms shall be used:

1) Bank's related parties – parties referred to in the phrase "related to another party" as defined in Article 3 of the Law No. 202/2017 on banks' activity.

   For the purpose of item a) the phrase "related to another party" of the Law No. 202/2017 on banks' activity, individuals holding key positions as referred to in paragraph 3 subparagraph 4) item a)-f) of the Regulation on requirements to the members of the managing body of the bank and of the mixed financial holding company, the heads of branches of a bank in another state, the individuals holding key positions and to the liquidator of the bank in liquidation, approved by the Decision of the Council of Administration of the National Bank of Moldova No. 292/2018, are considered related parties of the bank.

   For the purpose of item g) the term "related to another party" of the Law No. 202/2017 on banks' activity parties "in another type of relationships" shall be considered as at least the following parties:

   divorced individuals, individuals engaged in guardianship and curatorship relations, first and second-degree relatives-in-law, spouses of relatives and in-laws;

   individuals engaged in relations similar to those of spouses (non-marital cohabitation) or to those of parents and children

   individuals engaged in relations leading to economic dependence between two or more individuals;

2) The term of "eligible capital", "exposure" and "group of parties" shall be applied for the purpose of the terms as defined in the Regulation on Large Exposures, approved by the Decision of the Executive Body of the National Bank of Moldova No. 109 of 5 April 2019. For the purpose of this Regulation, the bank's exposure to their related party shall also include the bank's exposure to another party that is related to another bank having exposures to the first party (bank's related party);

3) for the purpose of this Regulation, while determining the bank's related parties, the definition of "control" in Article 3 of the Law No. 202/2017 on Bank's activity shall not apply to the control relations of the central government and to any party controlling it or being under control;

4) transactions with related parties are any transfer of funds or any contractual obligation between the bank's related parties and the bank, regardless of whether or not a payment has been charged, except transactions/operations related to:

a) sale/purchase of currency in cash up to the threshold requiring customer identification under Law no. 308/2017 on preventing and combating money laundering and terrorist financing;
b) transfers through money remittance systems;
c) replenishment of accounts;
d) collection / payment of interest / commissions / payments related to credits / placements / deposits / loans;
e) transfers related to salary packages and/or allowances;
f) withdrawals from accounts;
g) transfers between the accounts opened by the related party with the bank;
h) sale/purchase of currency by transfer for operations with payment cards;
i) collection of payments for the benefit of payment beneficiaries/providers of goods/services;
j) services provided by banks as bancassurance agents.

[Paragraph 2 amended by the NBM's Decision No. 137 of 30 July 2022, in force since 15 November 2022]
[Paragraph 2 amended by the NBM's Decision No. 110 of 5 April 2019, in force since 19 June 2019]
[Paragraph 2 in the wording of the NBM's Decision No. 269 of 17 October 2016, in force since 4 November 2016]

[Paragraph 3 repealed by the NBM's Decision No. 110 of 5 April 2019, in force since 19 June 2019]

*[Paragraph 4 repealed by the NBM's Decision No. 110 of 5 April 2019, in force since 1*9 June 2019]
[Paragraph 4 completed by the NBM's Decision No. 269 of 17 October 2016, in force since 04 November 2016]

Chapter II
TRANSACTIONS WITH PARTIES RELATED TO BANKS

Section 1
Transactions

5. The transactions with related parties shall reflect the bank's interests and shall not be carried out on more advantageous conditions than such with non-related parties (except for bank employees that are not related to the bank) and cannot be performed by violating the limits and the provisions established in the regulatory acts in force. For the purpose of this Regulation, at least the conditions specified in Article 80, paragraph 8 of the Law No.202/2017 regarding banks' activity are considered to be more advantageous than those provided for non-related parties of the bank.
[Paragraph 5 amended by the NBM's Decision No. 110 of 5 April 2019, in force since 19 June 2019]
*[Paragraph 5 completed by the NBM's Decision No. 269 of 17 October 2016, in force sin*ce 4 November 2016]

6. The banks shall carry out transactions with related parties only after having collected sufficient data (documentation) to justify the economic effectiveness of these transactions, as well as to assess the related risks. The bank shall abstain from transactions with the parties for which it cannot determine and verify whether it is or is not related to the bank.
[Paragraph 6 in the wording of the NBM's Decision No.110 of 5 April 2019, in force since 19 June 2019]
[Paragraph 6 completed by the NBM's Decision No. 269 of 17 October 2016, in force since 4 November 2016]

Section 2
Lending/placement

7. A bank may provide loans/perform placements to related parties on the same conditions as to non-related parties (except for bank employees that are not related to the bank). A bank shall not charge lower interest rates and fees from related parties than those charged under similar conditions from non-related parties (except for bank employees that are not related to the bank).
8. The bank is required to submit the same requirements on loan repayments to the related parties, conditions on loan/placement repayment, and shall require the submission of complete financial statements and information on the efficient use of credit.
9. The credit risk assumed by the bank when extending credit/performing placements to related parties shall not be greater than that associated with credit/placements to non-related parties.
10. A bank shall apply the same measures to related parties with regard to credit/placements repayment as to non-related parties.

Section 3
Accepting deposits/obtaining loans

11. A bank may accept deposits/obtain loan from related parties under the same terms and conditions as for non-related parties.
12. A bank has no right to pay to related parties higher interest rates/fees on deposits/loans than those paid to other parties on similar deposits/loans.
13. A bank has no right to offer preferential terms on deposits/loans to related parties and allow overdrafts (debit balances from passive accounts) on such terms on the respective accounts of the related parties.

Chapter III
MAXIMUM LIMITS

14. The value of the exposure, after taking into account the effect of credit risk mitigation according to Chapters VI – IX of Regulation on large exposures, to a bank's related party and/or a group of parties related to the bank's related party shall not exceed 10 percent of the bank's eligible capital.
[Paragraph 14 in the wording of the NBM's Decision No. 110 of 5 April 2019, in force since 19 June 2019]

15. The aggregate amount of bank's total exposures to related parties and/or groups of parties related to the bank's related parties, after taking into account the effect of credit risk mitigation according to the provisions of Chapters VI-IX of Regulation on large exposures shall not exceed 20 percent of the eligible capital of the bank.
[Paragraph 15 in the wording of the NBM's Decision No.110 of 5 April 2019, in force since 19 June 2019]

16. The banks shall comply at any time with the limits set in this Chapter.

16[1]. If the limits set out in paragraphs 14 and 15 are simultaneously violated and the National Bank of Moldova exercises the powers specified in Article 139 paragraph 3, item n) of the Law No. 202/2017 on banks' activity, the largest amount that exceeds the limits set out in one of the aforementioned paragraphs shall be deduced from the own funds.

[Paragraph 16[1] *in the wording of the NBM's Decision No.110 of 5 April 2019, in force since 19* June 2019]

[Paragraph 16[1] introduced by *the NBM's Decision No.269 of 17 October 2016, in force since 4* November 2016]

Chapter IV
APPROVAL, RECORD KEEPING AND REPORTING OF TRANSACTIONS

17. Any transaction with a bank's related party, which amount exceeds the equivalent of MDL 1 million, shall be approved prior to its conclusion/amendment of contractual conditions, by the majority of members of the bank's Board. In the cases when the equivalent of MDL 1 million is not exceeded, it shall be approved by the Executive Body of the bank:

In order to establish whether the threshold provided in this paragraph is exceeded, the amounts of transactions leading to the formation of the exposure to the bank is accumulated separately from the amounts of the transaction that do not lead to the formation of the exposure to the bank. In the case of transactions that lead to exposure to the bank, the value of the transaction mentioned in the first paragraph shall be calculated cumulatively with the values of the transactions that form exposures with the related party and/or with customers related with the bank's related party.

By way of derogation from the first paragraph pursuant to the policies approved by the bank's Board:

1) the Executive Body or a member thereof may approve any transaction with the bank's related parties, the value of which exceeds the equivalent of MDL 1 million, other than the one forming exposures, if the bank's Board has approved a framework contract/general conditions pertaining to transactions with related parties which will clearly specify the terms and conditions regarding the transactions to be carried out by the bank;

2) transactions with the bank's related parties that are carried out under general conditions (according to the conditions of the products and tariffs approved by the governing body, within the limits of competences) may be exempted from prior approval and belong to:

a) sale/purchase of currency by transfer and/or in cash in an amount up to MDL 1 million;

b) collection/payment of commissions for intermediation operations, payment of interest/commissions for transactions concluded with the bank's related parties.

Upon its decision, the bank Board may also approve the abovementioned transactions in an amount not exceeding the equivalent of MDL 1 million. The related party having a material interest in a transaction shall leave any meeting at which that transaction is discussed. In case the Executive Body or a member thereof exercises the aforementioned powers, the internal audit subdivision shall report regularly (at least quarterly) to the bank's Board regarding the amount of such transactions and the accuracy of approving these transactions.

If a party becomes related to the bank, after the conclusion of a transaction with them, the bank's Board shall be notified without delay about the occurrence of such relationship and existing transactions, and appropriate measures shall be taken, in reasonable time, in order to comply with the provisions of this Regulation, as well as to review these transactions to assess related risks and eliminate preferential conditions, should such exist.

[Paragraph 2 amended by the NBM's Decision No. 137 of 30 July 2022, in force since 15 November 2022]
[Paragraph 17 amended by the NBM's Decision No.110 of 5 April 2019, in force since 19 June 2019]
[Paragraph 17amended by the NBM's Decision No.269 of 17 October 2016, in force since 4 November 2016]

18. The decisions of the bank's Board, of the Executive Body on concluding transactions with related parties must contain information regarding the terms and conditions of the transactions, as well as the confirmation that the transaction is performed exclusively in the interests of the bank and on the same terms, under the same conditions as the transactions with non-related parties.
[Paragraph 18 amended by the NBM's Decision No.69 of 17 October 2016, in force since 4 November 2016]

19. The bank shall keep and maintain a Register of its related parties and a Register of the transactions with the bank's related parties. The transactions with related parties shall be recorded in the corresponding register, specifying the nature, date, contract number, amounts and terms of the transaction. As for the lending/borrowing transactions, there shall be indicated their insurance and insurers. The records on both registers shall be kept for at least 5 years from the date when the party has ceased to be a related party and/or when the liabilities have been repaid.
[Paragraph 19 amended by the NBM's Decision No.269 of 17 October 2016, in force since 4 November 2016]

20. The banks shall have internal policies, approved by their Boards on knowledge their related parties, determining the transactions with banks' related parties, including the bank's exposures to these individuals and the total amount of these exposures, as well as to monitor and report about them through an independent exposure management process. In order not to admit excessive risks related to transactions with the related parties, the bank's Board should review at least once a year the bank's transactions with their related parties, existing at the time of the review and take the necessary measures to mitigate those risks.
[Paragraph 20 in the wording of the NBM's Decision No. 110 of 5 April 2019, in force since of 19 June 2019]

20[1]. The bank shall identify and collect information on its related parties. The list of related parties shall be submitted to the bank's Board quarterly.
[Paragraph 20[1] *introduced by the NBM's Decision No.269 of 17 October 2016, in force since 4* November 2016]

20[2]. In establishing the internal regulations mentioned in paragraph 20, the bank shall consider the provisions of Annex no. 2 of the present regulation, which provides the minimum requirements for the internal regulations and the practices for risk management of transactions with related parties.
[Paragraph 20[2] *introduced by the NBM's Decision No.110 of 5 April 2019, in force since 19 july* 2019]

21. The banks shall submit to the National Bank of Moldova the report on transactions with the banks' related parties and the report on the banks' related parties to them, in line with requirements set forth by the regulatory acts of the National Bank of Moldova for reporting.

[Chapter V (items 22-*28) introduced by the NBM's Decision No. 269 of 17 October 2016, in* force since 4 November 2016]

Chapter V
IDENTIFICATION OF THE BANK'S RELATED PARTIES BY THE NATIONAL BANK OF MOLDOVA

22. As part of the supervisory process, the National Bank of Moldova, taking into account the nature of the relations, transactions and the existence of other relationships with the bank, may presume the bank's related parties as defined in Article 3 of the Law No. 202/2017 on banks' activity, if these individuals meet one or more of the features set out in Annex 1 of this Regulation, based on the Decision of the Executive Body.
[Paragraph 22 in the wording of the NBM's Decision No.110 of 5 April 2019, in force since 19 June 2019]

23. The National Bank shall notify the bank in written form about the decision issued under paragraph 22, within 3 business days from the issuance date of the decision.
[Paragraph 23in the wording on the NBM's Decision No.110 of 5 April 2019, in force since 19 June 2019]

24. Until the bank provides to the National Bank of Moldova evidence of lack of affiliation, within 15 working days from the date of receiving the notification under paragraph 23, the parties identified by the National Bank of Moldova under paragraph 22 shall be presumed as being parties related to the bank as of the date when the transaction has been performed.

25. Once the bank provides evidence proving that there is no affiliation between the bank and the parties identified by the National Bank of Moldova under paragraph 22, the Executive Board of the National Bank of Moldova may decide to cancel or amend the notification, within at least 10 working days from the expiry of the term specified in paragraph 24, and inform the bank without delay about it or, if otherwise, it shall decide to qualify the parties concerned as the bank's related parties and inform the bank about the compulsory requirement to record within 5 business days, those parties in the Register of the bank's related parties and the Register of transactions with the bank's related parties, as well as update the lists prepared in line with paragraphs 20^1 and 21 and any other data reported to the National Bank of Moldova as of the latest reporting date.
[Paragraph 25 amended by the NBM' Decision No. 110 of 05 April 2019, in force since 19 June 2019]

26. If the bank fails to provide to the National Bank of Moldova evidence proving that there is no affiliation between the bank and the parties identified under paragraph 22, the decision of the Executive Board of the National Bank of Moldova shall remain in force and the bank shall record, within 5 business days, those related parties in the Register of the bank's related parties and the Register of transactions with the bank's related parties, as well as update the lists prepared in line with paragraphs 20^1 and 21 and any other data reported to the National Bank of Moldova as of the latest reporting date.
[Paragraph 26 amended by the NBM's Decision No. 110 of 05 April 2019, in force since 19 June2019]

27. If a party is identified as related to the bank based on the decision of the Executive Board of the National Bank of Moldova, the bank's Executive Body shall notify the Board without delay about it and about existing transactions with those parties and take the appropriate measures to ensure

compliance with the provisions of this Regulation, as well as review these transactions to assess related risks and remove the advantageous conditions, should such exist.

28. The Banks may use in the process of identification of its related parties at least the related party identification features specified in the Annex 1 to this Regulation.
[Paragraph 28 supplemented by the NBM' Decision No. 110 of 5 April 2019, in force since 19 June 2019]

29. Individuals qualified as related to the National Bank of Moldova and included in the Register of the bank's related parties shall be qualified as related parties until the characteristics that underpin that qualification have disappeared and/or the credit is repaid. If the individual's debts, qualified as related to the bank, have been downgraded and if there is a contractual relationship between the individual and the bank so that the bank has the right to require the payment of the claim, that individual shall be qualified as a related party to the bank until the conditions in this paragraph are met.
[Paragraph 29introduced by the NBM's Decision No. 110 of 5 April 2019, in force since 19 June 2019]

30. Individuals, qualified as related to the National Bank of Moldova shall not be qualified in this way, if according the decision of the Executive Board of the National Bank of Moldova the individual cannot be further qualified as related to the bank on the basis of the existing features. The aforementioned decision shall be taken within 30 days of receipt of the Bank's written request. The bank's request shall include evidence demonstrating the removal of the characteristics and justification of the inability to qualify as a related party based on the remaining characteristics.
[Paragraph 30 introduced by the NBM's Decision no.110 of 5 April 2019, in force since 19 June 2019]

Annex 1
to the Regulation on Bank's Transactions
with Their Related Parties

Checklist used
by the National Bank of Moldova to identify the parties that have relations or perform transactions with the bank and/or its related parties

1. Regarding the character of relationships

1) Exclusiveness:
transactions performed by the debtor, including those relating to exposure to the bank, are not economically justified;
2) Economic dependence:
a) the future cash flows expected to be recorded by the party as a result of the performed activity shall not be proportionate to the funds required for payment, according to the contractual relations regarding the debts related to loans received from the bank;
b) a party does not carry out economic activity upon financing received from the bank or does not record income (including fictitious legal entities or registered in offshore areas) and the money received from the bank or from the bank's related parties represent an important source of income of the party;
c) a party acts predominantly as a representative of the bank or of the bank's related party;

d) the party belongs to a group of debtors that are related to each other through joint economic activity, to which the bank grants substantial loans with regard to their activity;
e) the party belongs to a group of parties that are related to each other, and the pledge for their loans is provided by a bank's related party;
3) Common infrastructure:
a) the party is registered at the same physical and/or virtual address, similar to those of the bank or the bank's related party, except when outsourced services are provided by the third party to a large number of customers;
b) the party uses the same structural components, particularly IT systems, as the bank or the bank's related parties (including through outsourcing);
c) the party employs the same manager as the bank or the bank's related parties, or an employee of the party is a member of the management body of the bank and/or has a similar management function of the bank's related parties, or vice versa;
d) the party authorizes the bank or parties related to the bank to ensure their legal representation (except when providing such services is the type of the activity of the related party) or the party is a specialized entity founded to perform certain functions and is controlled by the bank or the bank's related parties;
4) Insufficient transparency:
a) the available information on the structure of ownership of a party does not allow for identification of the shareholders holding directly or indirectly a substantial interest in the equity capital of the party and of its ultimate beneficiary owners;
b) the ownership structure of the party is unreasonably complicated and intricate and does not allow identification of the debtor's actual beneficiary;
c) the party does not disclose to the bank information about their relationship with the bank and/or the bank's related parties, including information on debt management in the context of its assessment of the credit risk, the ownership structure of the party and the ultimate beneficial owner, even when this information is requested by the National Bank of Moldova;
d) the party is not registered in the country where it carries out its main activity and there are no reasonable economic or financial reasons to act this way;
e) the party officially declares about the existence of its affiliation relations with the bank or with the bank's related parties.
5) Other relations:
The party acts in concert with another party or a number of parties that are qualified shareholders of the bank as provided in Article 3 of the Law No. 202/2017 on banks' activity.

2. Nature of the transactions

1) The object of transaction and the purpose for which the funds are used:
a) transactions made and the use of funds do not reflect the types of activity performed by the party, except for the launch of new types of activity;
b) the funds received from the bank are used for other purposes than those stated when contracting the loan and/or the bank does not have information on the use of the funds of the loan;
c) the funds are used by the bank's related parties or, directly or indirectly, in their interest (including for repaying the loans/borrowings to other financial institutions, acquiring assets and paying for services);

d) the bank grants funds to a party with the purpose of procuring goods held in possession/ownership from one or a several related parties and/or from members of a group of related parties related to any of these parties;
e) the bank grants funds to a party with the purpose of procuring mortgaged/pledged property for the purpose of securing loans of one or several related parties and/or members of a group of related parties related to any of these parties;
2) Documentation
a) there are no available documents concerning the loan transaction or the documents do not meet the requirements of the bank's internal regulations (including insufficient number of documents or unavailability of certain documents);
b) the substance and content of the transaction's economic facts does not represent its legal form and/or the available documents do not represent the real characteristics and economic substance of the transaction.
3) Transaction standards – the transactions would not normally be performed by the bank under the following circumstances:
a) the internal rules on lending do not provide performing such transactions or transactions are made with deviations from the bank's internal regulations without economic justification;
b) the transactions are performed in violation of the bank's internal regulations;
c) there is a significant discrepancy between the geographical location of the party and the substance/conditions of the transaction;
d) the loan contract between the party and the bank envisages certain preferential conditions, which allows for cancellation of certain obligations towards the bank or transfer of the loan to a bank's related party;
e) the debtor/counterpart enjoys individual treatment with regard to repayment, which differ from the general repayment conditions set for other debtors/counterparts of the bank not having an economic justification resulting from the total commercial relations between the bank and the debtor/counterparty;
f) the number of the party's employees does not match the type and volume of activity conducted by the party and/or the purpose of the transaction between the bank and the party;
g) the party has failed to obtain the documents/licenses/authorizations required for carrying out the activity for which the loan/borrowing was provided (for example, it has failed to obtain authorization/permission for starting construction etc.), and there is no any reliable justification of this failure;
4) Contractual clauses – transactions would not have been concluded under the terms of another bank (according to best practices), including in the cases below:
a) the amount of the loan granted does not reflect the purpose of activity conducted by the debtor and the debtor's ability to generate cash flow to ensure loan repayment;
b) there is a significant mismatch between the contractual conditions, obligations and rights;
c) certain contractual clauses, including those on loan repayment, are missing, incomplete or differ from other contractual clauses within the same bank (more advantageous conditions) granted to similar debtors and there is no economic justification;
5) Indebtedness – another bank would not provide the loan (according to best practices), including in the cases described below:
a) the loan cannot be repaid within the required term and in the required form, given the creditworthiness of the debtor and the sources of income available to them;
b) the loan cannot be repaid within the required term and in the required form, given the income generated by the loan invested by the debtor;

c) the rating set by the bank, following the assessment of the loan (or the quality of investment/transaction) is below the minimum level acceptable by the bank;
6) Internal control instruments – the internal control systems are insufficient for carrying out transactions compared to the control systems used in other situations and there is no economic justification for this fact, including:
a) the transaction was performed based on a procedure that differs from the one used in case of similar counterparts that benefits of the same product within the bank;
b) there is no positive opinion from the risk management unit for performing such a transaction or the opinion is negative, or the recommendations of this unit have not been taken into account;
c) the amount of the transaction exceeds the internal limit set by the bank for such counterparts and there is no economic justification for the bank's engaging in such transactions;
d) the assets sold/services provided to the bank cannot be identified or there is no evidence of their existence at the moment of performing the transaction;
e) the bank has failed to launch, in accordance with the provisions of the internal regulations, the procedure of collecting the overdue payments or of selling the loan collateral;
7) Interest rates, commission fees and prices:
a) the interest rates, commission fees and operational proceeds (expenses) associated with transaction differ from the current conditions in the internal regulation of the bank**/c**ontractual conditions set for other debtors/counterparts with similar characteristics and/or there is no economic justification for this fact;
b) the price of selling assets and/or services provided by the bank differ substantially from the current conditions in the market and there is no economic justification for this fact;
c) the price of purchasing assets and/or services provided to the bank differ substantially from the current conditions in the market there is no economic justification for this fact;
8) Collateral and guarantees:
a) the party has concluded a contract with the bank or with the bank's related parties to offset the liabilities of other parties with similar characteristics and there is no economic justification for this fact;
b) the bank has accepted the debtor's/counterpart's collateral that is of a worse quality that the collateral accepted from other customers with similar characteristics and there is no economic justification for this fact.
[Annex No.1 in the wording of the NBM's Decision No.110 of 5 April 2019, in force since 19 June 2019]
[Annex introduced by the NBM's Decision No.269 of 17 October 2016, in force since 4 November 2016]

Annex no.2
to the Regulation
on Bank's Transactions with its Related Parties

Minimal requirements
on the internal regulations and risk management practices of transactions
with parties related to the bank

1. Internal regulations regarding the transactions of the bank with other related parties

1) The policies of the bank shall be comprehensive and adapted to the nature, range and complexity of risks inherent to the business model and activities developed by the bank for the transactions of the bank with its related parties, and shall assure the following:

a) involvement of the bank in transactions, and safe and prudent relations with its related parties, within the limits and by observing the law in force, with the purpose to avoid the involvement of the bank in excessive risks, including risks that may cause the deterioration of the bank's reputation, and the assurance of public confidence;

b) the use of the highest ethical and transparency standards for the transactions with related parties, which will regulate the relations of the bank with these persons and emphasize the expectations on integrity and ethical values of the bank and the staff, as well as the requirements on the disclosure of current and potential conflicts of interest;

c) an efficient and solid structure of corporate governance with the identification of expectations from the management body, roles and liabilities of parties related to the bank;

d) the liability of the management body to assure that all transactions between the bank and its related parties are performed in the interest of the bank, and are monitored and controlled correspondingly;

e) the adoption by the management body of adequate procedures aimed to assure that any relation of the bank with its related parties is a prudent and sound financial and management relation, with corresponding documentation;

f) the liability of the council for the corresponding monitoring and management of current and potential conflicts of interest between the interests of the bank and its related parties.

2) In addition, the internal regulations regarding the parties related to the bank, also, include at least the following aspects:

a) systems of disclosure and storage of information regarding the direct and indirect shareholders with qualifying holdings of the bank, including its beneficial owners, which will include the disclosure by them of related information through declarations on own responsibility under the penalty of law;

b) procedures of assuring the execution of transactions with related parties in the interest of the bank;

c) periodic review and identification of material interests of parties related to the bank;

d) lending procedures for parties related to the bank and performance of other transaction with the aforementioned or that involves such parties;

e) setting commissions and other payments received from parties related to the bank for the services provided by the bank, and vice versa;

f) exchange of information regarding the parties related to the bank between the corresponding sub-divisions of the bank, including the reporting process, to the management body with regard to the transactions of the bank with its related parties;

g) interdiction of the use of information which represents bank secrecy by the insider with the aim to facilitate the execution of bank' transactions with its related parties;

h) the circumstances and terms of use for the parties related to the bank's property;

i) the restrictions regarding the provision by the bank to its related parties of presents and other benefits, except the circumstances expressly stipulated in the internal regulations on remuneration;

j) the obligation of banks' employees to promptly inform the executive body and/or the council of the bank regarding any imprudent behavior of the employees and/or violation of internal regulations/applied practices that have been elaborated according to the present Annex;

k) the application of certain indicators that shall identify the transactions of the bank with its related parties, which will increase the level of current and future risks of affecting the profits of the bank;

l) the specification of consequences in case of violation of fiduciary obligations and the imprudent and/or unethical behavior, including non-observance of the internal regulations of the bank on transactions with the parties related to the bank;

m) the responsibilities of the internal control functions of the bank regarding the relations of the bank with its related parties;

n) the organization of information management systems which shall include the accumulated information regarding the identity of parties related to the bank, as well as the accumulation of financial reports (financial statements, including profit/income) of parties related to bank, who are debtors of the bank;

o) transparency and disclosure of banks' transactions with its related parties.

3) The secondary internal regulations of the bank set on the base of the primary internal regulations approved by the council shall assure at least the following elements:

a) existence of a safe communication channel of information regarding the suspicion about violations made during the transactions of the bank with related parties;

b) existence of communication channels for employees aimed to provide support/assistance in the process of transactions with persons related to the bank;

c) performing adequate and effective assessments aimed to verify the identity of the party related to the bank and the submitted information;

d) assignment of tasks to an internal control function to determine, prior to approval of the transaction with the bank's related party, whether it will be carried out in accordance with the internal regulations pertaining to bank's transactions with related parties;

e) existence of a reporting process and prompt notification of the bank's Council about any transaction with the parties related to the bank, which increase the level of the current and future risk of affecting the profits of the bank, and/or do not comply with the internal regulations;

f) existence of an audit program for the assessment of adequate operation of the internal regulations of the bank in the respective field.

2. Practices of risk management of the transactions of the bank with its related parties.

1) The bank shall assure sound risk management practices for the transactions conducted by the bank with its related parties for the identification, quantification, monitoring and control of risk for the parties related to the bank. The most common risks of transactions conducted with parties related to banks are the reputation risk, credit risk, liquidity and operational risk;

2) Relations and transactions with parties related to the bank shall become the object of some control mechanisms and extremely sound risk management processes. The manner in which the mechanisms of risk control and management in the bank are applied and extended, depends on the size, property and organization structure, on the developed activities and complexity of parties related to the bank and its transactions;

3) The bank assures the notification of its related parties by publishing on its official website of the excerpt from the internal regulations regarding the parties related to the bank and its transactions and/or information which contains strategic provisions of the bank on risk management of transactions with parties related to the bank, as well as to inform the parties related to the bank about the provisions of internal regulations if transactions are concluded;

4) Development by the bank of some transactions with its related parties to perform banking functions, to supply products and services to clients or to meet in another way the strategic objectives, shall not diminish the responsibility of the management body of the bank in assuring that both relations and the supply of products and services are conducted in a safe and prudent manner which meet the interests of the bank;

5) The bank assures the implementation of a structure of corporate governance, which shall determine the existence of some efficient systems of policies and control regarding the parties related to the bank, which does not allow the members of the management body and the persons

holding key positions to subordinate the interests of the bank to the interests of parties related to the bank;

6) The bank assures that the relations of the bank with its related parties, including those related to the businesses of the members of management board, are not developed in better conditions than the relations with persons non-related to the bank, do not compromise in any way the decision making process and do not harm the bank;

7) The bank assures the development of measures which are necessary and possible to prevent the abuse on behalf of the members of management body and other employees in relations with the parties related to the bank;

8) From the perspective of relations with the parties related to the bank, the management body shall assure:

a) setting some internal adequate regulations regarding the parties related to the bank;

b) setting and implementation of some solid and independent processes for monitoring and assurance of observance of internal regulations and regulatory framework for the parties related to the bank;

c) periodic training of its members and employees regarding the risks of parties related to the bank and disclosure of conflicts of interest;

d) implementation of efficient information systems which shall assure the transparent and comprehensive reporting of activities and exposures to the persons related to the bank;

e) elaboration of correct financial statements with the disclosure of relevant information regarding the transactions with related parties in the explanatory note of the respective financial statements;

9) For the observance/implementation of internal regulations, the following actions shall be undertaken:

a) setting the business strategy of the bank for conducting transactions with the parties related to the bank;

b) receiving periodic and updated information from shareholders with qualifying holding at the bank, from the members of the management body and from persons in key positions, regarding their related parties;

c) holding internal mechanisms for information disclosure by the shareholders with qualifying holding at the bank, by the members of the management body and the persons who hold key positions (declaration on own responsibility);

d) existence of a robust mechanism to determine whether the transactions with parties related to the bank are not performed in conditions less advantageous compared to the conditions for persons non-related to the bank;

e) existence of mechanisms for the prevention of fraudulent actions committed by the employees of the bank in conducting transactions with parties related to the bank, as well as abuse on behalf of the management body;

f) identification of material interests, which the party related to the bank has with the bank, with the business of a bank's debtor, loan claimant, another client of the bank or provider;

g) existence of an internal robust and transparent mechanism for providing its property to a party related to the bank (offices, storage rooms, vehicles, calculation devices and other tangible assets) for use;

h) existence at bank level of an efficient system of identification and monitoring of transactions with parties related to the bank;

i) existence of an internal mechanism which allows the members of the management body to question and possibly oppose the transaction with related parties, who apparently comply with the requirements of the law;

j) existence of provisions in contractual relations which specify the obligation of the counterparty to disclose the information that is necessary for the bank to determine if it is/is not a party related to the bank;

k) informing the shareholders with qualifying holdings at the bank, the members of the management body and the employees of the bank, regarding the risks of relations with parties related to the bank and the internal regulations that are applied in relations with parties related to the bank;

l) implementation of a solid system of risk management to monitor and report the activities and exposures to the parties related to the bank.

[Annex No.2 in the wording of *the NBM's Decision No.* 137 of 30 July 2022, in force since 15 November 2022]

[Annex No.2 *introduced by the NBM's Decision No.110 of 5 April 2019, in force since 19 July* 2019]

Annex 3
to the Decision of the Council of Administration
of the National Bank of Moldova
No. 240 of 9 December 2013

LIST
of regulatory act of the National Bank of Moldova to be repealed

1. Regulation No.3/09 on "large" exposure, approved at the meeting of the Council of Administration of the National Bank of Moldova of 1 December 1995, minutes No. 37 (Official Monitor of the Republic of Moldova, 1995, No.70, Article 31).
2. Decision of the Council of Administration of the National Bank of Moldova No. 6 of 8 July 1997 on amending and completing the Regulation No. 3/09 on „large" loans (Official Monitor of the Republic of Moldova 1997, No. 48, Article 81).
3. Decision of the Council of Administration of the National Bank of Moldova No.30 of 8 August 1997 on amending and completing the Regulation No. 3/09 on "large" exposures (Official Monitor of the Republic of Moldova, 1997, No. 67-68, Article 117).
4. Paragraph II, subparagraph 2 and 3 of the Decision of the Council of Administration of the National Bank of Moldova No. 36 of 8 August 1997 on approval the Instruction on drawing up and submitting by banks of financial reports (Official Monitor of the Republic of Moldova 2002, No. 40-42, Article 98).
5. Decision of the Council of Administration of the National Bank of Moldova No. 76 of 3 October 1997 on amending and completing the Regulation No..3/09 on "large" exposures (Official Monitor of the Republic of Moldova, 1997, No. 67-68, Article 118).
6. Decision of the Council of Administration of the National Bank of Moldova No. 217 of 18 August 1999 on amending and completing the Regulation No. 3/09 on "large" loans (Official Monitor of the Republic of Moldova, 1999, No. 94-95, Article 151).
7. Decision of the Council of Administration of the National Bank of Moldova No. 418 of 28 December 2000 on amending and completing the Regulation No.3/09 on "large" loans (Official Monitor of the Republic of Moldova, 2000, No. 166-168, Article 454).

8. Decision of the Council of Administration of the National Bank of Moldova No. 161 of 28 June 2001 on amending the Regulation No. 3/09 on "large" loans (Official Monitor of the Republic of Moldova, 2001, No. 73-74, Article 210).
9. Decision of the Council of Administration of the National Bank of Moldova No. 9 of 23 January 2003 on amending the Regulation No.3/09 on "large" loans (Official Monitor of the Republic of Moldova, 2003, No.11-13, Article 23).
10. Decision of the Council of Administration of the National Bank of Moldova No. 370 of 15 December 2005 on amending the Regulation No. 3/09 on "large" loans (Official Monitor of the Republic of Moldova, 2005, No. 172-175, Article 618).
11. Decision of the Council of Administration of the National Bank of Moldova No. 143 of 1 June 2006 on amending the Regulation on "large" exposures (Official Monitor of the Republic of Moldova, 2006, No. 87-90, Article 318).
12. Decision of the Council of Administration of the National Bank of Moldova No. 180 of 19 July 2007 on amending the Regulation No. 3/09 on "large" exposures (Official Monitor of the Republic of Moldova, 2007, No. 131-135, Article 516).
13. Paragraph III and IV of Decision of the Council of Administration of the National Bank of Moldova No. 194 of 9 October 2008 on amending and completing some regulatory acts of the National Bank of Moldova (Official Monitor of the Republic of Moldova, 2008, No. 204-205, Article 620).
14. Decision of the Council of Administration of the National Bank of Moldova No. 201 of 13 August 2009 on amending and completion some regulatory acts of the National Bank of Moldova (Official Monitor of the Republic of Moldova, 2009, No.150, Article 675).
15. Regulation on bank's transaction with their related parties, approved by the Decision of the Council of Administration of the National Bank of Moldova No. 297 of 30 December 2009 (Official Monitor of the Republic of Moldova, 2010, No. 27-28, Article 102).
16. Decision of the Council of Administration of the National Bank of Moldova No. 70 of 1 April 2010 on amending paragraph 2 of the Decision of the Council of Administration of the National Bank of Moldova No. 201 of 13 August 2009 (Official Monitor of the Republic of Moldova, 2010, No. 62-63, Article 239).
17. Decision of the Council of Administration of the National Bank of Moldova No. 86 of 30 April 2010 on amending and completing some regulatory acts of the National Bank of Moldova (Official Monitor of the Republic of Moldova, 2010, No. 94-97, Article 357).
18. Paragraphs 1 and 2 of the Decision of the Council of Administration of the National Bank of Moldova No. 242 of 3 November 2011 on amending and completing some regulatory acts of the National Bank of Moldova (Official Monitor of the Republic of Moldova, 2011, No. 227-232, Article 2100).
19. Paragraph 2 of the Decision of the Council of Administration of the National Bank of Moldova No. 301 of 20 December 2012 on amending and completing some regulatory acts of the National Bank of Moldova (Official Monitor of the Republic of Moldova, 2012, Article 270-272a, Article 1627).