REGULATION No 8/2022 of 19 April 2022 regarding the government debt management operations carried out by the Ministry of Finance on the government securities market administered by the National Bank of Romania

ISSUER: NATIONAL BANK OF ROMANIA

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Having regard to the provisions of Article 29 of Law No 312/2004 on the Statute of the National Bank of Romania, the provisions of Article 2 paragraph (1) letter (2) and Chap. III of the Framework Regulation on market operations with government securities on the domestic market, approved by Order of the Minister of Finance No 318/2022,

pursuant to Article 48 of Law no. 312/2004 on the Statute of the National Bank of Romania,

**The National Bank of Romania** issues the following regulation:

CHAPTER I

**General provisions**

SECTION 1

**Scope**

ARTICLE 1

(1) This Regulation lays down the procedure for the organisation by the National Bank of Romania (NBR), acting as the state agent and market administrator, of tenders and public subscriptions related to the government debt management operations carried out by the Ministry of Finance (MF) on the domestic market of government securities.

(2) For the purposes of this Regulation, government debt management operations on the government securities market administered by the NBR shall comprise the placement of government securities issued by the MF on the domestic market and government liabilities management operations, which shall comprise the early exchange of government securities and the exchange of government securities.

SECTION 2

**Definitions**

ARTICLE 2

(1) For the purposes of this Regulation, the following terms and expressions have the following meanings:

1. government securities are financial instruments evidencing public debt, as defined in the Methodological Rules for the application of the provisions of the Government Emergency Ordinance no. 64/2007 on public debt, approved by Government Decision no. 1.470/2007, including subsequent amendments and additions;

2. the ISIN code (International Securities Identification Number) is a 12-character alphanumeric code, where the first two characters correspond to the country code where the ISIN code has been allocated (RO for Romania), the next 9 characters represent the base code and the last character is the check digit;

3. the placement of government securities is the issuance by the MF of government securities in dematerialised form, in national currency or in foreign currency, as referred to in Article 2, paragraph (1) letter a) of the Framework Regulation on market operations with government securities on the domestic market, approved by Order of the Minister of Finance No 318/2022 (hereinafter referred to as the Framework Regulation);

4. the operation of early exchange of government securities is the transaction of total or partial buy-back by the MF, before maturity, of a series of government securities in lei outstanding during the last coupon period, using either the financial resources existing in the cash on the general current account of the State Treasury, or the amounts raised for this purpose through issues of government securities;

5. the operation of exchange of government securities is the transaction of withdrawal by the MF, in whole or in part, before maturity (buy-back stage of the operation), of one or a series of government securities in lei outstanding during the last coupon period and their replacement with government securities from a new issue or from the reopening of an existing one (issue stage of the operation);

6. newly issued government securities are government securities launched for the first time into circulation by the MF on the primary market for government securities;

7. reopened government security means a government security that is subject to the reopening operation, i.e. the operation whereby the MF decides to attract additional amounts from resident and/or non-resident investors, through an issue of interest-bearing government securitys already in its portfolio;

8. participants in the placement and early buy-back or exchange of government securities are the entities that have acquired the status of primary dealer, in accordance with the provisions of Article 17, paragraph (1) of the Framework Regulation and which fulfil the access conditions;

9. competitive bid at public tenders and subscriptions of government securities - a bid where the participant indicates, in addition to the amount it wants to bid, the price or interest rate/discount, as applicable;

10. non-competitive bid in public tenders and subscriptions of government securities - a bid where the participant indicates only the amount it wishes to allot;

11. domestic market - the Romanian government securities market;

12. formal errors - errors or omissions in a document, the correction/completion of which is unequivocally supported by the meaning and content of other information originally contained in the same document and/or in other documents submitted by the participant or the correction/completion of which is intended to clarify or confirm, and which are not likely to give an unfair advantage over the other participants in the public tender/subcontract;

13. the terms "indicative volume" in items 4.1.a), b).1^3 sub-item 9 letter c) and "the indicative volume for government securities to be exchanged" in item 4.1.a), b).1^3 sub-item 11 letter c) of the Methodological Rules for the application of the provisions of the Government Emergency Ordinance no. 64/2007 on public debt, approved by the Government Decision no. 1.470/2007, as amended and supplemented (hereinafter referred to as the 2007 Methodological Rules), refer to the nominal value of the operations of early buy-back, respectively of the exchange of government securities;

14. the deadline is the maximum time specified in the prior notices/issue prospectuses of the MF for the start of the public tender/subscription;

15. The SaFIR system is the Depository and Settlement System for Financial Instruments operated by the NBR;

16. ReGIS is the national RTGS (Real Time Gross Settlement System) for payments in lei, operated by the NBR;

17. Target2-Romania ("Target2") is the national component of the Trans-European Automated Real-time Gross settlement Express Transfer system for payments in euro, operated by the NBR;

18. The GSPM system shall mean the system for the electronic transmission of bids for participation in operations for the placement of government securities and the management of government liabilities and of the results of the tenders of government securities, administered by the NBR;

19. participant in the SaFIR System, the ReGIS System, the TARGET2 System or the GSPM System shall mean the entity which has concluded a contract with the NBU for participation in that system;

20. activities related to the operations related to the primary market for government securities administered by the NBR and to the operations for the administration of government liabilities are the activities carried out by the NBR in connection with the operations related to the primary market for government securities administered by the NBR, as well as with the early buy-back and tender operations for the buy-back and exchange of government securities and are set out in the Appendix to this Regulation;

21. Evaluation Committee – an inter-institutional body with a role in analysing the activity of the applicant entities that have expressed their interest in becoming primary dealers, as well as the activity of primary dealers on the domestic market for government securities administered by the NBR, in accordance with the provisions of Article 12 of the Framework Regulation;

22. Public tender/subscription committee - a committee composed of appointed representatives from the NBR and the MF, as follows: chairman and secretary appointed by the NBR and at least 2 members, one of which is appointed by the MF.

(2) For the purposes of this Regulation, the terms and expressions: nominal value of the government security, maturity date, gross price and net price shall have the meanings set out in the 2007 Methodological Rules.

SECTION 3

**Access conditions**

ARTICLE 3

(1) The conditions for access to government debt management operations on the market administered by the NBR are as follows:

1. holding the status of primary dealer and the right to exercise it, as provided for in the Framework Regulation;

2. holding the operating licence, on the basis of which it may carry out the following activities:

a) dealing in own name and for own account and/or in the name and for the account of clients in securities and other transferable financial instruments in the nature of government securities;

b) participation in the issue of transferable financial instruments, in the nature of government securities, by underwriting and placing them or by placing and providing services related to such issues;

c) custody and management of financial instruments in the nature of government securities;

3. be a participant in the SaFIR System or have access through an operating/decrediting agent, as applicable;

4. to be a participant in the ReGIS system in the case of government debt management operations with settlement in BRL or to have access through an operating/dettlement agent, as applicable, and/or to be a participant in the TARGET2 system in the case of government debt management operations with settlement in euro or to have access through an operating/dettlement agent, as applicable;

5. be a participant in the GSPM System;

6. the existence of a distinct organisational structure, of specific premises necessary for carrying out operations with government securities, as well as of the technical equipment necessary for carrying out trading and custody activities;

7. developing its own rules establishing the working procedures applicable in relations with customers, the manner of keeping records of customer holdings, as well as the procedures for internal control of the activity with government securities;

8. to submit to the NBR - Market Operations Directorate, the list of specimen signatures of the persons appointed to commit the participant in the government public debt management operations.

(2) Legal entities, resident or non-resident, other than those having the status of primary dealer, as well as natural persons, resident and non-resident, may participate in the placement and early buy-back or exchange of government securities only through a participant.

(3) The NBR may request the primary dealers to submit any additional information and/or documents in order to grant access or in connection with the activity carried out on the government securities market administered by the NBR.

(4) In accordance with the provisions of Article 11 of the Framework Regulation, if a primary dealer no longer fulfils the conditions for access set out in paragraph (1), it shall no longer be able to participate in government debt management operations on the market administered by the NBR, as from the date of notification by the NBR - Market Operations Directorate of its failure to fulfil the conditions, with the exception of government debt management operations on the market administered by the NBR in progress, which shall be finalised in accordance with the applicable provisions of this Regulation.

SECTION 4

**Specific criteria for primary dealer status**

ARTICLE 4

In order to become a primary dealer, applicant entities, hereinafter referred to as applicants, must fulfil the following specific criteria:

(a) fall into one of the categories of institutions referred to in Article 18 of the Framework Regulation;

b) to trade on their own account on the domestic government securities market for a minimum period of 6 consecutive calendar months, the period subject to analysis, during which they shall fulfil the obligations set out in Article 5;

c) after the period referred to in letter b) to submit to the NBR - Market Operations Directorate, which acts as the secretariat of the Evaluation Committee, a request accompanied by the documentation proving the fulfilment of the conditions for access set out in Article 3 paragraph (1) points 2, 3, 4, 5, 6, 7 and 8.

ARTICLE 5

(1) In relation to the period under consideration, an applicant must fulfil the following mandatory conditions:

a) to tender, in its own name, on the primary market, through an existing primary dealer, a volume of government securities expressed as a weighted amount of at least 2% of the total weighted amount bid by the MF, related to issues of government securities denominated in domestic and/or foreign currency during the period under review, including the results of participation in the operations for the exchange of government

securities from the perspective of the issuance of new/redenominated securities denominated in national currency on the domestic market during the period under review, the latter being adjusted by a weighting coefficient of 1.5, in addition to those referred to in Article 47 paragraph (1);

(b) the weighted settlement value of buy and sell transactions in government securities issued on the local market, carried out in own name on the secondary market, shall represent at least 3% of the weighted total of transactions in government securities carried out on the secondary market for government securities during the period under review.

(2) For the purpose of calculating the weighted values set out in paragraph (1), the weighting coefficients, as well as the exchange rate used in the case of issues of government securities denominated in foreign currency shall be determined in accordance with the provisions of Article 47.

ARTICLE 6

(1) In accordance with the provisions of Article 13 paragraph (1) letter a) of the Framework Regulation, the status of primary dealer is granted by the MF on the basis of the analysis of the documentation submitted by the applicant and the fulfilment of the specific criteria set out in Article 4.

(2) The Evaluation Committee will notify the applicant's application to the MF within 25 calendar days from the date of submission of the application and the necessary documentation. The decision on the approval of the application shall be notified to the applicant by the MF within 15 calendar days of receipt of the analysis.

(3) The exercise of the status of primary dealer shall be performed starting with the first working day of the calendar month following the date of receipt of the notification containing the MF's decision on the approval of the application and granting the status of primary dealer.

(4) The capacity of primary dealer shall be exercised under the conditions laid down in Section 3 of this Chapter.

(5) The Evaluation Committee shall consider applications for primary dealer status in consultation with the competent supervisory authority at home and/or abroad, as appropriate.

(6) The list of primary dealers shall be published and kept updated by the MF and the NBR on their respective websites.

SECTION 5

**Organisation and conduct of public tenders and subscriptions**

ARTICLE 7

(1) In accordance with the provisions of Article 14 paragraph (2) of the Framework Regulation, the placement on the primary market administered by the NBR of government securities issued by MF on the domestic market in dematerialised form, in national and/or foreign currency, shall be carried out through tenders, public subscription, as well as through any other method established and agreed by the issuer together with the NBR.

(2) In the case of tender operations for reference reference government securitys, the MF may additionally bid government securities with the same characteristics on the first business day following the reference tender by organising an additional non-competitive bidding session exclusively addressed to primary dealers, under the conditions set out in this Regulation.

(3) In accordance with the provisions of Article (1) of the Framework Regulation, early buy-back operations of government securities and exchange operations of government securities, carried out by the MF on the government securities market administered by the NBR, are carried out through a tender organised by the NBR.

ARTICLE 8

(1) The date and place of the tenders and public subscriptions, as well as the identification elements and characteristics of the government securities covered by the operations are established by the MF through prior announcements/issuance prospectuses and are communicated to the participants by the NBR.

(2) Depending on the financing needs and market conditions, the MF may make changes to the elements published in the prior notices/ issue prospectuses. Amendments must be submitted to the NBR by the working day preceding the public tender/subscription.

(3) The MF is established by prior notices/ issue prospectuses:

a) the categories of investors who may submit non-competitive bids;

b) the maximum limit on the share of non-competitive bids in the total amount of the issue;

c) minimum and/or maximum limits for the value of a non-competitive tender.

ARTICLE 9

Tenders, including additional non-competitive bidding sessions, and public subscriptions are organised by the Tender/Subscription Committee.

ARTICLE 10

The chairman and the representative of the MF check the award procedure, sign the minutes and the official notice of the public tender.

ARTICLE 11

The secretary of the Tender/Subscription Committee, together with its members, shall carry out all the specific operations relating to the opening, conduct and outcome of the tender or public subscription, draw up the minutes and the official notice. The minutes shall be signed by all members of the Committee and the official notice shall be signed by the chairperson of the Committee and the representative of the MF, member of the Committee.

ARTICLE 12

(1) In order to participate in public tenders/subscriptions, primary dealers shall submit bids in their own name and for their own account and/or in the name and for the account of their clients on the day of the public tender/subscription, until the deadline specified in the prospectuses or notices of the opening of operations.

(2) Bids to participate submitted may not be withdrawn and shall constitute firm commitments on the part of the participants and their clients.

ARTICLE 13

(1) The public tender/subscription committee shall start the public tender/subscription session at the deadline specified in the prior notices/issue prospectuses of the operations.

(2) Tenders which do not fulfil the conditions laid down in this Regulation shall be rejected.

(3) The chairman of the public tender/subscription committee may decide, in agreement with the tendereer, to rectify on the spot any formal errors and to validate the tender. The primary dealer's agreement may be communicated by telephone, provided that it is confirmed in writing during the public tender/subscription meeting.

(4) Following the end of the meeting, the public Tender/Subscription Committee shall notify the primary dealers who submitted bids for participation in the respective operation of the results recorded, as follows:

a) the primary dealers to whom the bids have been awarded are notified of the government securities and the amounts awarded, broken down in their own name and on their own account, and/or on behalf of and for the account of their customers;

b) the primary dealers whose bids have not been awarded are notified of the unsuccessful instalments or the reasons for rejection of the bids by the MF.

CHAPTER II

**Placement of government securities**

SECTION 1

**The tender**

ARTICLE 14

(1) The bid to purchase by tender must contain the following elements:

a) primary dealer identification and authorised signatures;

b) the identification details of the issue for which the bid is submitted (tender date, issue date, maturity date and other characteristic features of the issues, as specified in the prior notices/issue prospectuses of the MF);

c) the total amount of the bid, as well as its breakdown by interest rate/discount rate/price instalments tendered, as applicable;

d) the breakdown of the bid tranches into amounts requested on own account and amounts requested on customers' account, indicating the number of the account(s) holding the government securities, where applicable.

(2) Bids shall be submitted only by the means deemed acceptable by the market administrator (electronic system, SWIFT, etc.), the applicable transmission procedure being detailed in the specific regulations of each system.

ARTICLE 15

(1) The secretary of the tender/subscription committee, together with its members, will draw up the centralised list of purchase bids and, on the basis of the quotation grid, will check the level at which the cumulative cumulative upward bid in terms of interest rate/discount or cumulative downward bid in terms of price satisfies the bid announced by the MF.

(2) At the same time, the MF representative shall determine the value of the bidded issue, which has been matched in the application and the maximum, minimum and average price or interest rate/discount at which the bids are accepted.

(3) If the entire issue has been sold and there are several bids at the marginal level (the level of the minimum price or the maximum accepted interest rate/discount rate) which cannot be fully satisfied and the MF does not increase the value of the issue up to the full execution of the marginal level, the principle of proportionality applies, with each bid receiving the resulting value. All values are rounded to the nearest divisible amount of the nominal value of a government security.

ARTICLE 16

(1) The price shall be determined by the multiple price method or the uniform price method.

(2) The multiple-pricing method involves the allocation of government securities for bids awarded at the price or interest rate/discount bidded until the award of the issue. An average price or an average award interest/discount rate is calculated on the basis of bids awarded at different prices or interest/discount rates.

(3) The uniform price method implies the award of government securities for the bids awarded at the lowest price or the highest interest/discount rate that has been accepted/agreed for the award of the issue.

ARTICLE 17

Bids can be competitive and non-competitive.

ARTICLE 18

(1) A competitive bid is a bid where the participant indicates, in addition to the amount it wishes to bid, the price or interest rate/discount rate.

(2) Competitive bids must indicate a value that is a multiple of the nominal value of a government security.

(3) Primary dealers, as well as each of their customers, may participate with one competitive bid broken down into tranches with different interest rate/discount/price levels. The number of tranches may be limited or unlimited, this element being determined by the MF in the issue prospectus. Primary dealers aggregate the bids by interest rate/discount/price levels and submit to the NBR - Market Operations Directorate a single competitive bid form.

ARTICLE 19

(1) A non-competitive bid is a bid in which the participant indicates only the amount it wishes to bid.

(2) Non-competitive bids shall be executed with priority as follows:

a) the weighted average price or the weighted average interest/discount rate of the accepted competitive bids, for tenders awarded on the basis of the multiple price method;

b) at the final price or the final interest rate/discount for tenders awarded on the basis of the uniform price method.

(3) In the event that non-competitive bids exceed the maximum amount of the total issue, the award will be made applying the principle of proportionality.

SECTION 2

**Supplementary session for non-competitive bids**

ARTICLE 20

(1) On the working day immediately following the reference tender, the MF may additionally bid, only for reference issues, government securities with the same characteristics, by means of an additional non-competitive bidding session, exclusively addressed to primary dealers, by applying the allocation mechanism described in Article 21.

(2) Supplementary sessions of non-competitive bids, including the quantity bidded for purchase, will be announced by the MF through the prior notices/issue prospectuses.

(3) Bids shall be placed by primary dealers in their own name and for their own account only and shall be non-competitive and the subscription price shall be the average bid price established in the reference tender.

ARTICLE 21

(1) All primary dealers who have participated in the reference tender, regardless of whether they have been awarded government securities or not and intend to subscribe government securities, shall submit the bid for the additional non-competitive bidding session, as provided for in Article 23, indicating the maximum volume of government securities they wish to subscribe, which may not exceed the total amount announced by the MF for the respective additional non-competitive bidding session.

(2) The award of government securities bidded in the additional non-competitive bidding session will be carried out according to the following algorithm, the calculations being rounded to the nearest government security, if applicable:

a) the first stage is addressed exclusively to the primary dealers placed in the top 5 positions of the ranking resulting from the evaluation of the activity performance, established in accordance with the provisions of Article 49 paragraph (2), and which have bid government securities in their own name and on their own account for a minimum value of 2% of the announced value of the reference tender, the allocation being made by applying the percentage corresponding to the position held in the ranking to the value of the government securities announced at the respective supplementary session of non-competitive bids, within the limit of the purchase bids submitted by the 5 primary dealers, as follows:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

| Position | Percentage of |

| held in | the value of |

| ranking | government securities |

| | bidded by |

| | MF |

| | (%) |

|\_\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_|

| 1 | 35 |

|\_\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_|

| 2 | 25 |

|\_\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_|

| 3 | 18 |

|\_\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_|

| 4 | 12 |

|\_\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_|

| 5 | 10 |

|\_\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_|

b) after the completion of the first stage described in letter a), the volume of government securities remaining unallocated will be redistributed in the second stage to all primary dealers who have awarded government securities in their own name and for their own account for at least 2% of the announced amount of the reference tender, regardless of their ranking. The redistribution of the remaining unallocated volume of government securities will be carried out in proportion to the amount awarded at the reference tender and within the limit of the individual request;

c) if, after the redistribution procedure described in letter b) has been carried out, there are still government securities unallocated, they shall be redistributed to the primary dealers specified in letter b), within the limit of the individual requests, the redistribution being carried out at this stage in proportion to the unfulfilled request of the respective primary dealers;

d) if even after the redistribution procedure described in letter c) remain unallocated, they will be redistributed in the last step to primary dealers who have awarded government securities in their own name and for their own account for less than 2% of the announced amount of the reference tender, as well as to those who have not awarded any government securities at the reference tender, who have expressed their intention to subscribe to the additional session by submitting a bid, and the government securities will be redistributed to them equally and within the limit of their individual request.

(3) For primary dealers referred to in Article 46 paragraph (3), the award of government securities shall be carried out in accordance with the provisions of paragraph (2) letter b), c) and d), without participating in the allocation of securities at the stage referred to in paragraph (2) letter a).

(4) The settlement value of the government securities awarded in the supplementary session of non-competitive bids shall be determined as follows:

Vd = N \* (Pm + Da),

where:

Vd = the settlement value of the additional session;

N = number of government securities awarded;

Pm = the average award price at the reference tender;

Da = the accrued interest per security according to the issue prospectus.

ARTICLE 22

Primary dealers submit their non-competitive bids on the day of the additional non-competitive bidding session, by the deadline specified in the prior notices/prospectuses of the issue.

ARTICLE 23

(1) A non-competitive bid must include the following:

a) the issue for which the bid is submitted;

b) the date of submission of the bid;

c) the date of the additional session of non-competitive bids;

d) the total amount of the bid, which may not exceed the amount announced by the issuer for the relevant additional session and the average price resulting from the reference tender for the relevant series;

e) primary dealer identification and authorised signatures;

f) the number of the securities account.

(2) Bids may be submitted only through the means deemed acceptable by the market administrator (electronic system, SWIFT, etc.), the transmission procedure for these sessions being detailed in specific regulations.

ARTICLE 24

Non-competitive bids submitted cannot be withdrawn as they constitute firm commitments by the primary dealers.

ARTICLE 25

(1) The additional session of non-competitive bids shall start on the deadline specified in the prior notices/issue prospectuses.

(2) Bids which do not fulfil the conditions laid down in this Regulation shall be rejected.

(3) The chairman of the tender committee may decide, in agreement with the tendereer, to rectify on the spot any formal errors and to validate the tender. The agreement of the primary dealer may be communicated by telephone, subject to confirmation in writing during the additional non-competitive bidding session.

ARTICLE 26

(1) The Secretary of the Committee, together with the members of the Committee, shall draw up the centralised list of bids.

(2) The volume awarded in the additional non-competitive bidding session is the value announced by the MF that was matched by the bids of the primary dealers submitted in that session.

SECTION 3

**Public subscription**

ARTICLE 27

Primary dealers must submit bids for their own account and for the account of their clients by the deadline of the last day of the public subscription period specified in the prior notices/prospectuses of issue.

ARTICLE 28

(1) A bid to purchase by public subscription must include the following elements:

a) the issue for which the bid is submitted;

b) the date of submission of the bid;

c) the total amount subscribed;

d) the breakdown of the total amount subscribed into the amount required on own account and the amount required on client account;

e) primary dealer identification and authorised signatures;

f) the number of the securities account.

(2) Bids shall be submitted only by the means deemed acceptable by the market administrator (electronic system, SWIFT, etc.), the transmission procedure being set out in the specific regulations for each system.

ARTICLE 29

Bids must indicate a value that is a multiple of the nominal value of a government security.

ARTICLE 30

(1) The Secretary of the Committee, together with the members of the Committee, shall draw up the centralised list of bids.

(2) The amount awarded in the public subscription is the amount announced by the MF and matched by the bids submitted at that session.

(3) If the bids submitted exceed the announced amount, they will be accepted proportionally or, with the MF's agreement, the issue may be increased.

CHAPTER III

**Government liability management operations**

SECTION 1

**Early buy-back operations of government securities**

ARTICLE 31

(1) The bid to participate in the early buy-back tender must include the following elements:

a) the participant's identifiers and authorised signatures;

b) the identifiers of the early buy-back operation and the identifiers of each series of government securities for which the bid is submitted (tender date, settlement date, ISIN code, maturity date of the government securities, coupon rate, etc.);

c) the total amount of the tender, as well as its breakdown by instalments of the bid price, according to the type of tenders accepted by the MF, in accordance with point 4.1.a), b).1^3 and subpoint 9 letter h) of the 2007 Methodological Rules;

d) the breakdown of the bid tranches into amounts requested on own account and amounts requested on customers' account, with the account number(s) of the account(s) holding the government securities.

(2) Bids shall be submitted only by the means deemed acceptable by the market administrator (electronic system, SWIFT, etc.), the applicable transmission procedure being detailed in the specific regulations of each system.

ARTICLE 32

(1) Depending on the type of bids accepted by the MF in the tender operation for the early buy-back of government securities, participants shall submit a competitive or non-competitive bid;

(2) Participants shall specify in competitive bids, submitted in their own name and for their own account and/or on behalf of and for the account of and for the account of their customers, the net price, expressed as a percentage to four decimal places, at which they are willing to sell the government securities included in the bid to the MF, and in non-competitive bids submitted in the name and for the account of categories of customers accepted by the MF, only the nominal value of the government securities shall be specified.

(3) In the case of the competitive bid form for participation in the early buy-back tender, participants, as well as each of their customers, may participate with one competitive bid, broken down into tranches with different net price levels. The number of tranches may be limited or unlimited, this element being determined by the MF by means of pre-announcements or issue prospectuses. Participants aggregate these bids (by net price levels) and submit a single competitive bid form to the NBU - Market Operations Directorate.

ARTICLE 33

(1) The award price is determined by the multiple price method, which is specified in the prior notices/prospectuses of issuance of the MF and involves the buy-back of government securities for the winning bids at the price(s) specified by each winning bid. An average award price, weighted by the volume of government securities accepted by the MF, is calculated on the basis of the bids awarded at different prices.

(2) Non-competitive bids to participate in the tender for early buy-back operations shall be executed on a priority basis at the weighted average price of the accepted competitive bids. In the event that the non-competitive bids exceed the maximum bid amount announced in the prior notices/issuance prospectuses of the MF, the award will be carried out according to the principle of proportionality, rounded to the nearest divisible amount to the nominal value of a government security.

ARTICLE 34

(1) The Secretary of the Tender Committee, together with the members of the committee, shall draw up the list of the bids and, on the basis of the prices bidded, shall draw up the list of the results of the tender, indicating the level at which the aggregate bid, increasing in terms of net price, meets the value accepted by the MF.

(2) The representative of the MF shall determine the volume of the series of government securities awarded at the tender corresponding to the bids for government securities submitted, as well as the corresponding maximum, minimum and average price.

(3) If the full amount announced in the prior notices/issuance prospectuses of the MF has been awarded in the early buyback operations and at the marginal level (the maximum accepted price level) there are several bids that cannot be fully satisfied and the MF does not increase the accepted amount up to the full execution of the marginal level, the principle of proportionality applies, each bid receiving the resulting amount. The values are rounded to the nearest divisible denomination of a government security redeemed in advance.

SECTION 2

**Exchange operations of government securities**

ARTICLE 35

(1) The bid in the exchange tender must contain the following elements:

a) the participant's identifiers and authorised signatures;

b) the identifiers of the exchange and the identifiers of each series of government securities (tender date, settlement date, ISIN code, maturity date of the government securities, coupon rate, etc.), both for newly issued/reopened securities and for securities subject to the buy-back, in accordance with item 4.1.a), b).1^3 sub item 11 letter d) of the 2007 Methodological Rules;

c) the bid total amount, as well as its breakdown by instalments of the bid price, according to the type of bids accepted by the MF, in accordance with point 4.1.a), b).1^3 sub-paragraph 11 letter g) of the 2007 Methodological Rules;

d) the breakdown of the bid tranches into amounts requested on own account and amounts requested on customers' account, with the account number(s) of the account(s) holding the government securities.

(2) Bids shall be submitted only by the means deemed acceptable by the market administrator (electronic system, SWIFT, etc.), the applicable transmission procedure being detailed in the specific regulations of each system.

ARTICLE 36

(1) Participants submit tender bids according to the type of bids accepted by the MF in the tender operation for the competitive or non-competitive operations for the exchange of government securities.

(2) In competitive bids for buy-back submitted in their own name and on their own account and/or in the name and for the account of customers, participants shall specify for the buy-back stage of the operation the number of government securities bidded for buy-back and the amounts corresponding to the price specified in items 4.1.a), b).1^3 sub item 11 letter h) of the 2007 Methodological Rules, broken down according to the series of government securities to be redeemed, and for the issuance step of the exchange specifies the number of government securities, the net price tranches, expressed as a percentage to four decimal places, and the corresponding amounts at which they are willing to purchase the newly issued/reopened government securities from the MF.

(3) In the case of the form of competitive bids for participation in the buy-back tender, participants, as well as each of their customers, are entitled to participate with one competitive bid broken down into tranches with different levels of the net price of the newly issued/reopened government securities. The number of tranches may be limited or unlimited, this element being determined by the MF through prospectuses or prior announcements. Participants aggregate these bids (by net price levels) and submit to the NBR - Market Operations Directorate a single competitive bid form.

ARTICLE 37

The total gross cost of the newly issued/reopened securities requested by each participant or its customer in the buy-back tender must be equal to or higher than the total gross cost of the government securities bidded for buy-back by that participant or customer, the difference in lei being payable to the MF on the settlement date of the operation. The difference in lei between the total gross cost of the newly issued/reopened securities applied for and the total gross cost of the securities bidded for buy-back must not exceed the individual gross cost of a newly issued/reopened government security, calculated at the highest price specified in the bid of the respective participant or customer.

ARTICLE 38

(1) The determination of the award price shall be carried out by the multiple price method, which is specified in the prior notices/prospectuses of issuance of the MF and which involves the award of newly issued/reopened government securities to the winning bids at the price(s) specified by each winning bid. An average award price, weighted by the accepted volume of newly issued/reopened government securities, is calculated on the basis of the exchange bids awarded at different prices.

(2) Non-competitive bids for participation in the buy-back tender shall be executed on a priority basis, with the award of newly issued/reopened securities being carried out at the weighted average price of the competitive bids for the newly issued/reopened securities resulting from the respective tender. In the event that non-competitive bids exceed the maximum permissible amount announced in the prior notices/issuance prospectuses of the MF, their acceptance is made by applying the principle of proportionality, whereby the amounts are rounded up to the nearest divisible amount to the nominal value of a government security.

ARTICLE 39

(1) The Secretary of the Tender Committee, together with the members of the committee, shall draw up the centralised list of bids for participation in the tender for the exchange of government securities and, on the basis of the bidded prices, shall draw up the centralised list of the tender results, indicating the level at which the cumulative bid, decreasing in terms of the net price bidded for the newly issued/reopened securities, matches the value accepted by the MF at the tender for the exchange of government securities.

(2) The representative of the MF shall determine the volume of the series of newly issued/reopened government securities and the volume of government securities subject to buy-back, bid, corresponding to the bids for government securities submitted, as well as the corresponding maximum, minimum and average price.

(3) Where the full amount announced in the MF's prior notices/prospectuses of issue has been awarded/exchanged and at the marginal level (the level of the last price accepted by the MF) there are several bids for exchange that cannot be fully matched and the MF does not increase the amount up to the full execution of the marginal level, the principle of proportionality applies, with each bid receiving the resulting amount. The values are rounded to the nearest divisible denomination of a newly issued/reopened government security.

CHAPTER IV

**Settlement of transactions in government securities on the domestic market**

ARTICLE 40

The results of the placement, early buy-back and exchange of government securities, carried out by the MF on the government securities market administered by the NBR, will be evidenced at the NBR for the purpose of recording and settlement.

ARTICLE 41

The settlement of operations with government securities on the domestic market, as well as the payment of the issuer's related financial obligations, shall be carried out in accordance with the rules of the SaFIR System, the ReGIS System, the Target2 System, as well as with the other relevant NBR regulations.

ARTICLE 42

(1) In the event of non settlement of the amounts related to the results of the placement operations, on the issue date specified in the launch documents of the respective issue, a penalty interest shall be applied to the participant with a settlement account in the ReGIS or in the TARGET2 System, for each day of delay, the amounts thus calculated being collected by the MF. The penalty interest shall also apply to instruments denominated in a currency other than the national currency for participants in those settlement systems.

(2) The penalty interest rate, expressed as a percentage, shall be determined on the basis of the characteristics of the instrument and the placement method of the issue and shall be the level of the tender/subscription interest rate for each bid tranche plus 50 basis points; the resulting level shall be applied to the undisbursed amounts specified in the previous paragraph.

ARTICLE 43

In the event of non-delivery of government securities awarded at the tender related to the early exchange by the settlement date specified in the prior notices/prospectuses of the issuance of the MF, a penalty interest shall be applied to the participant with a settlement account in the ReGIS or TARGET2 system, for each day of delay, calculated by applying the level of the award yield rate for each awarded and unsettled tranche plus 50 basis points to the gross cost of each awarded and unsettled tranche, and the amounts so calculated are collected by MF.

ARTICLE 44

(1) In the event of non-delivery of the government securities awarded at the tender related to the exchange or non-settlement of the payment difference, established in accordance with the second sentence of Article 37, by the settlement date specified in the prior notices/issuance prospectuses of the MF, a penalty interest shall be applied to the participant with a settlement account in the ReGIS or in the Target2 system, for each day of delay, calculated as follows:

a) in case of non-delivery of government securities, the yield rate related to the net fixed price, expressed to 4 decimal places, which will be the basis for the buy-back of the securities subject to buy-back, specified in item 4.1.a), b).1^3 sub item 11 letter h) of the applied 2007 Methodological Rules, plus 50 basis points, shall be to the gross cost of the government securities subject to buy-back, which have been accepted by the MF and not redeemed;

b) if the payment difference established in accordance with the is not settledsecond sentence of Article 37, the average award yield rate for the issuance phase of the buy-back tender plus 50 basis points shall be applied to the payment difference specified.

(2) The amounts calculated in accordance with paragraph (1) will be collected by the MF.

ARTICLE 45

(1) The final amounts, determined in accordance with Articles 42 to 44, shall be calculated and communicated daily by the NBR - Market Operations Directorate to the participant with a settlement account in the ReGIS System and to the settlement systems (SaFIR System, ReGIS System, Target2 System, etc.).

(2) The amounts collected in lei shall be transferred to the general current account of the State Treasury, opened in ReGIS; the amounts collected in foreign currency shall be transferred to the corresponding foreign currency account, opened by the MF with the NBR.

CHAPTER V

**Monitoring and evaluating the activity of primary dealers**

SECTION 1

**Monitoring and evaluation period, weighting coefficients**

ARTICLE 46

(1) The period of monitoring and evaluation of the activity of primary dealers taken into account in the application of Articles 34 and 35 of the Framework Regulation shall be the last 12 calendar months preceding the month in which the calculations underlying the monitoring and evaluation are made.

(2) For primary dealers who, at the time of monitoring, do not have a period of 12 calendar months of seniority, the monitoring period shall be the period made up of calendar months elapsed from the date of exercising the status of primary dealer preceding the month of monitoring.

(3) For primary dealers who, at the time of the assessment, do not have 12 calendar months of seniority, the assessment period shall be the period made up of the calendar months elapsed since the date of exercising the status of primary dealer, preceding the month of the assessment. The total score obtained by that primary dealer shall not be taken into account for the purposes of establishing the ranking provided for in Article 49 paragraph (2).

ARTICLE 47

(1) The weighting coefficients shall be established as follows:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

| Maturity | 0 - 1 | > 1 - 3 | > 3 - 5 | > 5 - 7 | > 7 - 10 | > 10 |

| (years) | | | | | | |

|\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_|

| Coeficient | 1 | 3 | 5 | 7 | 9 | 11 |

|\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_|

(2) The maturity of government securities shall be taken into account as follows:

a) for the placement operations related to the primary market for government securities and for the issuance leg of the operations for the exchange of government securities, the maturity of the newly issued/reopened government securities shall be the residual maturity of the respective series of government securities;

b) for secondary market operations, including early buy-back operations of government securities, the residual maturity of the series of government securities shall be taken into account.

(3) The NBR may make changes to the weighting coefficients in line with the evolution of market conditions or the introduction of new categories of financing instruments, such changes to be made public by NBR circular.

(4) Changes in the weighting coefficients shall be announced at least 6 months before their implementation.

(5) For issues denominated in foreign currency, the calculations shall be made at the exchange rate of the national currency against the currency in which the issue of government securities is denominated, exchange rate published by the NBR on the business day preceding the settlement date of the respective issue, in the case of issues on the primary market, or the settlement date of the transaction, in the case of secondary market operations.

SECTION 2

**Calculation methodologies for monitoring the activity of primary dealers in order to maintain primary dealer status**

ARTICLE 48

(1) In order to perform the calculations necessary to verify fulfilment of the obligations set out in Article 31 of the Framework Regulation following calculation methodologies shall be used:

a) For the purposes of verifying fulfilment of the obligation referred to in Article 31 letter a) of the Framework Regulation, for each primary dealer, the VADP/TVAMF ratio shall be determined, where:

VADP - the amount awarded in own name and/or on behalf of customers by the primary dealer, referring to issues of government securities, denominated in national currency and/or in foreign currency, placed during the monitoring period on the domestic market of government securities administered by the NBR;

VATMF - the total amount awarded by the MF, referring to issues of government securities, denominated in national currency and/or in foreign currency, placed during the monitoring period on the domestic market of government securities administered by the NBR.

a1) To calculate VADP, add the following elements:

(i) the amount of securities bid in own name and/or on behalf of clients by the primary dealer within the placement operations of government securities, denominated in national currency and/or in foreign currency, issued by MF, organised during the monitoring period on the domestic market of government securities administered by the NBR, and

(ii) the amount of securities awarded in own name and/or on behalf of clients by the primary dealer, within the issuance phase of the exchange operations of government securities, denominated in national currency, organised during the monitoring period on the domestic market of government securities administered by the NBR.

a2) For the purpose of calculating TVAMF the following elements are added together:

(i) the sum of the amounts awarded by the MF within the placement operations of government securities, denominated in national currency and/or in foreign currency, organised during the monitoring period on the domestic market of government securities administered by the NBR,

and

(ii) the sum of the amounts awarded by the MF within the issuance phase of the exchange operations of government securities, denominated in national currency on the domestic market, organised during the monitoring period on the domestic market of government securities administered by the NBR.

a3) For the calculation of the amounts referred to in letter a1) item (ii) and letter a2) item (ii), the results of participation in the buy-back phase of the exchange operations of government securities shall not be taken into account.

b) In order to verify the fulfilment of the obligation referred to in Article 31 letter b) of the Framework Regulation, for each primary dealer, the value of the VAPDP/TVAPMF ratio shall be determined, where:

Tender-weighted bid amount - the weighted amount awarded in own name by the primary dealer, referring to issues of government securities, denominated in national currency and/or in foreign currency, placed during the monitoring period on the domestic market of government securities administered by the NBR;

TVAPMF - the total amount awarded by the MF and weighted, related to issues of government securities, denominated in national currency and/or in foreign currency, placed during the monitoring period on the domestic market of government securities administered by the NBR.

b1) For the purpose of calculating the VAPDP, add the following elements:

(i) the sum of the values bid on own account by the primary dealer within the placement operations of government and weighted securities, denominated in national currency and/or in foreign currency, issued by the MF, organised during the monitoring period on the domestic market of government securities administered by the NBR,

and

(ii) the amount of the securities bid in own name by the primary dealer within the issuance phase of the exchange operations of government and weighted government securities, denominated in national currency, organised during the monitoring period on the domestic market of government securities administered by the NBR.

b2) For the purpose of calculating the amount specified in letter b1) item (i), the weighting coefficient provided for in Article 47 paragraph (1) to the value bid by the primary dealer in that placement operation, for each placement operation of government securities denominated in national currency and/or in foreign currency.

b3) For the purpose of calculating the amount specified in letter b1) item (ii), the weighting coefficient provided for in Article 47 paragraph (1) and, in addition, a weighting coefficient of 1.5 on the amount awarded by the primary dealer in the respective issuance phase of the exchange, for each exchange of government securities.

b4) For the purpose of calculating the TVAPMF the following elements are added together:

(i) the sum of the amounts awarded by the MF within the placement operations of government and weighted government securities, denominated in national currency and/or in foreign currency, organised during the monitoring period on the domestic market of government securities administered by the NBR, and

(ii) the sum of the amounts awarded by the MF within the issuance phase of the exchange operations of government and weighted securities, denominated in national currency on the domestic market, organised during the monitoring period on the domestic market of government securities administered by the NBR.

b5) For the purpose of calculating the amount specified in letter b4) item (i), the weighting coefficient provided for in Article 47 paragraph (1) to the value awarded by the MF in the respective placement operation, for each placement operation of government securities.

b6) For the purpose of calculating the amount specified in letter b4) item (ii), the weighting coefficient provided for in Article 47 paragraph (1) and, in addition, a weighting coefficient of 1.5 on the value awarded by the MF in the issuance phase of the respective operation of exchange of government securities, for each exchange operation.

b7) For the purpose of calculating the amounts referred to in letter b1) (ii) and letter b4) (ii), the results of participation in the buy-back step of the exchange operations of government securities shall not be taken into account.

c) In order to verify the fulfilment of the obligation referred to in Article 31 letter c) of the Framework Regulation, for each primary dealer the VDPPS/TVDPPS ratio shall be determined, where:

VDPPS - the weighted settlement value of sale and purchase transactions with government securities issued on the domestic market in national currency or in foreign currency, settled through the SAFIR system and carried out by the primary dealer on its own behalf during the monitoring period on the secondary market of government securities administered by the NBR. Exclusively for the purpose of assessing the fulfilment of the obligation set out in Article 31 letter c) of the Framework Regulation, the VDPPS shall also include the weighted settlement value of the transactions settled through the SAFIR system and carried out by the primary dealer on its own behalf, within the early buy-back operations organised during the monitoring period on the domestic market of government securities administered by the NBR;

TVDPPS - the total of the weighted settlement values of the sale and purchase transactions with government securities issued on the domestic market in national currency or in foreign currency, settled through the SAFIR system and executed during the monitoring period on the secondary market of government securities administered by the NBR. Exclusively for the purpose of assessing the fulfilment of the obligation set out in Article 31 letter c) of the Framework Regulation, the TVDPPS shall also include the value

of the weighted settlement of the transactions settled through the SAFIR system and carried out within the early buy-back operations of government securities organised during the monitoring period on the domestic market of government securities administered by the NBR.

c1) For the purpose of calculating the VDPPS, add together the following:

(i) the sum of the weighted settlement values of each sale transaction and each purchase transaction with government securities settled through the SAFIR system, issued on the domestic market in national currency or in foreign currency, carried out by the primary dealer on its own behalf during the monitoring period on the secondary market of government securities administered by the NBR, and

(ii) the sum of the weighted settlement values of the transactions settled through the SAFIR system and carried out by the primary dealer on its own behalf, within the early buy-back operations of government securities organised during the monitoring period on the domestic market of government securities administered by the NBR.

c2) For the purpose of calculating the values specified in letter c1), the weighting coefficient provided for in Article 47 paragraph (1) to the settlement value of each transaction.

c3) For the purpose of calculating the TVDPPS the following elements are added:

(i) the sum of the weighted settlement values of purchase and sale transactions with government securities issued on the domestic market in national currency or in foreign currency, settled through the SAFIR system and carried out during the monitoring period on the secondary market of government securities administered by the NBR, and

(ii) the sum of the weighted settlement values of the transactions settled through the SAFIR system and carried out within the early buy-back operations of government securities organised during the monitoring period on the domestic market of government securities administered by the NBR.

c4) Within the weighted settlement values referred to in letter (c3) (i), each sale and purchase transaction shall be counted only once.

c5) For the purpose of calculating the value specified in letter c3) items (i) and (ii), the weighting coefficient provided for in Article 47 paragraph (1) to the settlement value of each transaction.

d) In order to verify the fulfilment of the obligation referred to in Article 31 letter d) of the Framework Regulation, the score related to the activity of market maker, resulting from the monitoring carried out by the MF, according to the calculation methodology set out in Article 29 of the Framework Regulation, shall be communicated to the Evaluation Committee.

(2) The result of the monitoring carried out in accordance with paragraph (1) shall be notified to each primary dealer on a monthly basis by the Evaluation Committee.

SECTION 3

**Criteria for assessing the performance of primary dealers**

SUBSECTION 1

**Ranking**

ARTICLE 49

(1) The evaluation of the performance of primary dealers by the Evaluation Committee shall be based on the following quantitative and qualitative criteria:

a) quantitative criteria related to primary market activity - detailed in subsection 2 - maximum 40 points;

b) quantitative criteria related to secondary market activity - detailed in subsection 3 - maximum 45 points;

c) qualitative criteria, detailed in subsection 4 - maximum 15 points.

(2) The final result obtained by each primary dealer shall be determined by totalling the scores obtained for each of the three criteria set out in paragraph (1) and the ranking shall be established by descending order of the total score obtained. The maximum number of points that can be achieved by a primary dealer is 100.

(3) The score related to the market maker activity, as established by the MF according to Chap. III 3) Section 5 of the Framework Regulation, relating to the evaluation of the activity of primary dealers, shall be communicated to the Evaluation Committee for the performance of the evaluation provided for in paragraph (1).

(4) The result of the evaluation shall be notified to each primary dealer on a monthly basis by the Evaluation Committee.

(5) The ranking established in accordance with paragraph (1) shall be published on the websites of the NBR and the MF and shall take effect as from the first working day of the month following the notification of the assessment result specified in paragraph (4).

SUBSECTION 2

**Quantitative criteria for primary market activity**

ARTICLE 50

(1) Primary market activity shall be assessed through the indicators referred to in paragraph (2) and the related scores, as well as by applying the calculation methodologies for each indicator, as described in this subsection, based on quantitative elements.

(2) The performance of primary dealers' activity on the primary market shall be assessed on the basis of the following indicators and related scores:

a) the share in the total bid amount of medium and long-term government securities issued - 20 points;

b) the share of discounted Treasury certificates in the total amount awarded - 10 points;

c) average acceptance rate of competitive bids - 5 points;

d) tender award at a minimum award rate of 2 per cent for government securities issues - 5 points.

(3) The methodology for calculating the indicator referred to in paragraph (2) letter a) and the allocation of the corresponding score are described below:

1. The share in the total bid amount of medium and long-term government securities issued shall be calculated as the ratio between the weighted amount of medium and long-term government securities bid in own name by the primary dealer and the total weighted amount bid by the MF, referring to issues of medium and long-term government securities issued on the domestic market and denominated in domestic and/or foreign currency.

2. The following quantitative elements shall be aggregated for the purpose of calculating the weighted value of medium and long-term government securities bid in own name by the primary dealer:

(i) the sum of the weighted values of the medium and long-term government securities bid in own name by the primary dealer within the placement operations of government securities (denominated in domestic and/or foreign currency), issued by the MF, organised during the assessment period on the domestic market of government securities administered by the NBR,

and

(ii) the sum of the weighted values of the medium and long-term government securities bid in own name by the primary dealer, within the issuance phase of the exchange operations of government securities, denominated in national currency, organised during the valuation period on the domestic market of

government securities administered by the NBR. The results of the participation in the buy-back phase of the exchange operations of government securities are not taken into account for the calculation of this value.

2.1. With regard to item 2 sub-item (i), for the purpose of calculating the weighted value of the medium and long-term government securities awarded in own name by the primary dealer in each placement of government securities, denominated in national currency and/or in foreign currency, the weighting coefficient provided for in Article 47 paragraph (1) shall be applied to the amount awarded by the primary dealer on own account in each placement operation.

2.2. With regard to item 2 sub-item (ii), for the purpose of calculating the weighted amount of medium and long-term government securities awarded in own name by the primary dealer in the issuance phase of each exchange of government securities denominated in national currency, the weighting coefficient provided for in Article 47 paragraph (1) shall be applied and, in addition, a weighting ratio of 1.5 on the amount awarded by the primary dealer in its own name in the respective issue phase of the exchange operation.

3. The following quantitative elements shall be added together for the purpose of calculating the total weighted awarded value of medium and long-term government securities issued on the domestic market and denominated in domestic and/or foreign currency:

(i) the sum of the weighted values of the medium and long-term government securities bid by the MF within the placement operations of government securities, denominated in domestic and/or foreign currency, organised during the assessment period on the domestic market of government securities administered by the NBR,

and

(ii) the sum of the weighted values of the medium and long-term government securities bid by the MF in the issuance phase of the exchange operations of government securities, denominated in national currency, organised during the assessment period on the domestic market of government securities administered by the NBR.

3.1. With regard to item 3 sub-item (i), for the purpose of calculating the weighted value of medium and long-term government securities awarded by the MF in each government securities placement operation, the weighting coefficient provided for in Article 47 paragraph (1) on the value awarded by the MF in each placement operation.

3.2. With regard to item 3 sub-item (ii), for the purpose of calculating the weighted amount of medium and long-term government securities awarded by the MF in the issuance phase of each operation of pre-exchange of government securities, the weighting coefficient provided for in Article 47 paragraph (1) shall be applied and, in addition, a weighting coefficient of 1.5 on the value awarded by the MF in the respective issue phase of the exchange. The results of the participation in the buy-back phase of the exchange operations of government securities shall not be taken into account for the calculation of this value.

4. In allocating the score obtained by each primary dealer for this indicator, the following shall be taken into account:

(i) if no primary dealer achieves a percentage equal to or greater than 10 per cent, the top-ranked dealer receives 20 points and all other dealers receive between 0 and 20 points based on the performance of the highest-ranked primary dealer;

(ii) if one or more primary dealers achieve a percentage of 10% or more, all those above 10% will receive 20 points; other primary dealers will receive between 0 and 20 points in relation to the amount corresponding to 10% of the total weighted bid value;

(iii) primary dealers who obtain a percentage lower than the minimum percentage required under Article 31 letter b) of the Framework Regulation will not receive any points;

(4) The methodology for calculating the indicator in paragraph (2) letter b) and the allocation of the score obtained by each primary dealer are described below:

1. The proportion of the total awarded value of Treasury certificates at a discount shall be calculated as the ratio between the weighted amount referred to in Article 47 paragraph (1) treasury certificates with discount auctioned in own name by the primary dealer and the total of the value weighted with the weighting coefficient provided for in Article 47, paragraph (1) awarded by the MF, related to Treasury discount certificates issued on the domestic market and denominated in domestic and/or foreign currency.

2. In allocating the score obtained by each primary dealer for this indicator, the following shall be taken into account:

(i) if no primary dealer achieves a percentage equal to or greater than 10%, the top ranked dealer receives 10 points and all other dealers receive between 0 and 10 points based on the performance of the highest ranked primary dealer;

(ii) if one or more primary dealers obtain a percentage of 10% or more, all those above 10% will receive 10 points; the other primary dealers will receive between 0 and 10 points in relation to the value corresponding to 10% of the total bid value;

(iii) primary dealers who obtain a percentage lower than the minimum required value set out in Article 31 letter (b) of the Framework Regulation will not receive any points;

(5) The methodology for calculating the indicator referred to in paragraph (2) letter c) and the allocation of the score obtained by each primary dealer shall be as follows:

1. The average acceptance rate of competitive bids is calculated as the arithmetic mean, for the assessment period, of the acceptance rates of competitive bids recorded by the primary dealer on its own account in each of the tenders of government securities awarded by the MF during the assessment period organised for:

(i) placement of government securities,

and

(ii) the exchange operations of new/reopened government securities denominated in national currency on the domestic market, the issuance stage of the exchange of government securities.

2. The acceptance rate of competitive bids recorded by the primary dealer in its own name at each of the tenders of government securities organised during the reporting period shall be the ratio between the amount awarded in its own name by the primary dealer at the respective tender in respect of the competitive bid and the amount subscribed in its own name by the primary dealer at the respective tender in respect of the competitive bid.

3. In allocating the score obtained by each primary dealer, related to the indicator average acceptance rate of competitive bids, the following shall be taken into account:

(i) the non-participation of a primary dealer in any of the issues awarded by the MF during the evaluation period will be taken into account in the calculation of the average acceptance rate of competitive bids with the value zero;

(ii) the primary dealer with the highest acceptance rate of competitive bids placed will receive 5 points; other primary dealers will receive between 0 and 5 points based on the performance of the highest ranked primary dealer;

(6) The methodology for calculating the indicator referred to in paragraph (2) letter d) and of the allocation of the score obtained by each primary dealer shall be as follows:

1. The following categories of government securities issues are taken into account for the purpose of the calculations:

(i) all issues of government securities placed by the MF on the domestic market during the assessment period in the framework of placement operations of government securities, denominated in domestic and/or foreign currency, where the primary dealer has bid in its own name at least 2% of the total amount bid by the MF related to the respective issue of government securities,

and

(ii) all issues of government securities placed by the MF on the domestic market during the assessment period within the issuance stage of the issuance of the exchange operations of new/redenominated government securities denominated in national currency, where the primary dealer has bid on its own account at least 2% of the total amount bid by the MF related to the respective issuance stage of the exchange.

2. In allocating the score obtained by each primary dealer for this indicator, the following shall be taken into account:

(i) the maximum score is obtained by each primary dealer that has bid in its own name at least 2% of the total amount bid by the MF in all public tenders/subscriptions of government securities bid during the assessment period;

(ii) if the primary dealer has not awarded on its own account at least 2% of the total amount awarded by the MF in all tenders/public tenders of government securities awarded during the assessment period, the primary dealer is valued on a relative basis, by dividing the number of tenders/public tenders in which it has met the above criterion by the total number of government securities issues awarded during the assessment period.

SUBSECTION 3

**Quantitative criterion secondary market**

ARTICLE 51

(1) The performance of primary dealers' activity on the secondary market shall be assessed on the basis of their transactions with government securities settled through the SaFIR System, according to the following indicators:

a) the total share of settlement values of transactions with government securities on the domestic market - 15 points:

(i) shall be calculated as the ratio between the weighted settlement value of the sale and purchase transactions in government securities issued on the domestic market, denominated in domestic and/or foreign currency, carried out in own name on the secondary market for government securities, and the total weighted settlement value of the sale and purchase transactions in government securities issued on the domestic market, denominated in domestic and/or foreign currency, carried out on the secondary market during the assessment period;

(ii) the weighting coefficients used for the calculation of the values specified in point (i) shall be those laid down in Article 47 paragraph (1);

(iii) the calculation shall be made separately for each category of government securities, by reference to the total trading volume of that category, as follows:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

| Category | Score |

|\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_|

| Long-term securities (> 5 years) | 9 |

|\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_|

| Medium-term securities (1 - 5 years) | 4 |

|\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_|

| Treasury certificates < 1 year | 2 |

|\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_|\_\_\_\_\_\_\_\_\_|

(iv) in making the calculations, the categories of government securities shall be structured and taken into account according to the maturity effectively resulting from the difference between the maturity date and the original issue date of the respective traded government securities. Thus, the database of transactions in government securities conducted on the secondary market, which are taken into account for this indicator, is divided into the 3 specified categories corresponding to the resulting maturity of the government securities, followed by the weighting with the coefficients specified in and then the weighting with the coefficients specified in coefficients specified in Article 47 paragraph (1) of the value of each transaction in these categories, by the residual maturity of the government securities underlying the transactions. The primary dealer that has carried out transactions with the highest weighted value in the total of one of the three categories will receive the maximum score for the category;

(v) repo, reverse repo, sell/buy-back and buy/sell-back transactions, respectively, are excluded both from the calculation of the weighted settlement value of the transactions carried out by the primary dealer on own account on the secondary market of government securities and from the calculation of the total weighted settlement value of the transactions of sale and purchase of government securities issued on the domestic market, carried out on the secondary market during the assessment period;

(vi) all opposite transactions executed on the same issue of government securities and with the same customer, for which the gross price difference is up to 10 basis points, are excluded from the calculation of the weighted settlement value of the transactions carried out by the primary dealer on own account on the secondary market for government securities, but are included in the calculation of the total weighted settlement value of the weighted settlement value of the transactions of buying and selling of government securities issued on the domestic market, carried out on the secondary market during the assessment period;

(vii) for the purpose of determining the indicator for a given period, the reference date taken into account shall be the settlement date of the transaction;

(viii) transactions with counterparties other than primary dealers shall have an additional multiplier of twice the multiplier for transactions with primary dealers;

(ix) the primary dealer with the highest percentage in a category of government securities receives the maximum score for that category; all other primary dealers are scored according to the percentage of the best performing dealer in each category;

(x) primary dealers who have a percentage of less than 2% in a category will not receive any points in that category;

b) average daily number of traded government securities series - 5 points:

(i) shall mean the arithmetic mean daily arithmetic mean of the number of series of medium and long-term government securities issued on the domestic market, denominated in domestic and/or foreign currency, traded in own name by the primary dealer;

(ii) only those series of securities are taken into account whose value traded in own name represents at least 2% of the total volume traded on that series during the day;

(iii) repo, reverse repo, sell/buy-back, sell/buy-back and buy/sell-back transactions are excluded both from the calculation of the settlement value of the transactions carried out by the primary dealer on own account on the secondary market for government securities and from the calculation of the total volume traded on the respective series on the day during the assessment period;

(iv) all opposite transactions executed on the same government securities issue and with the same customer, for which the gross price difference is up to 10 basis points, are excluded from the calculation of the settlement value of the transactions carried out by the primary dealer on own account on the secondary market for government securities, but are included in the calculation of the total volume traded on the respective series within the day, during the assessment period;

(v) the best performing primary dealer receives 5 points; all other primary dealers receive between 0 and 5 points, based on the performance of the highest ranked primary dealer;

c) the share of reverse transactions realised - 5 points:

(i) is calculated as the ratio between the value of repo, reverse repo, sell/buy-back, buy/sell-back transactions carried out by the primary dealer on its own behalf and the total value of such transactions carried out during the assessment period;

(ii) transactions carried out in relation with the NBR, as well as reverse transactions carried out within the same day are excluded from the calculation;

(iii) for the purpose of determining this indicator for a given period, the reference date taken into account shall be the settlement date of the first step of the transaction;

(iv) the best performing Primary Dealer receives 5 points; all other Primary Dealers receive between 0 and 5 points, based on the performance of the highest ranked Primary Dealer;

d) market maker commitments - 15 points:

(i) The MF shall assess the performance of the primary dealers in terms of the fulfilment of their obligations to provide firm quotes for government securities on the electronic quotation and trading platform approved by the MF, in accordance with the provisions of Article 27 of the Framework Regulation;

(ii) the score thus calculated will be communicated to the Assessment Committee by the MF to be included in the assessment of the activity carried out by primary dealers on the secondary market;

e) award in early buy-back operations - 5 points:

(i) the primary dealer with the highest amount awarded in early buy-back transactions within the assessment period receives 5 points; all other primary dealers receive between 0 and 5 points, based on the highest individual amount awarded;

(ii) if no early buy-back operations are organised by the MF during the assessment period, each primary dealer is awarded the maximum score for this indicator (5 points).

(2) The indicators referred to in paragraph (1) letter a) - c) do not include the results obtained in the early buy-back operations of government securities, nor those awarded in the buy-back phase of the exchange of government securities.

SUBSECTION 4

**Qualitative criteria**

ARTICLE 52

(1) The qualitative assessment of the activity carried out by primary dealers shall be made on a case-by-case basis and shall be based on the following criteria:

a) integrity and safe conduct of primary and secondary market activity - 3 points:

(i) for the safe conduct of operations on the primary and secondary market, the number and type of settlement incidents recorded on the government securities market (failed transactions), as well as the exceeding of the deadline established in accordance with the regulations in force for the submission of bids for participation in public tenders/subscriptions - 1 point;

(ii) compliance with the standards of integrity and professional ethics promoted by the Association "A.C.I. Romania - Association of Financial Markets" through the Code of Conduct (ACI Model Code) - 1 point;

(iii) the operational performance of the activity carried out in public tenders and subscriptions organised by the NBR - 1 point;

b) marketing and distribution of government securities - 4 points:

(i) issuing analytical and research reports for clients on the government securities market, public finances and the macroeconomic situation - 2 points;

(ii) the efforts made to broaden and diversify the client base investing in Romanian government securities by participating in actions to promote government securities together with the MF on the promotion of government securities (seminars, conferences, roadshows, etc.) - 2 points;

c) the activity of custody and encouragement of clients' participation in government public debt management operations on the government securities market administered by the NBR - 8 points:

(i) submitting competitive bids to participate on behalf of clients in public tenders/subscriptions of government securities on the government securities market administered by the NBR. Depending on the share of the amounts awarded to clients in the total amount awarded by the MF, for the period of analysis, the first ranked primary dealer receives the maximum score, and the other primary dealers receive between 0 and the maximum score, in relation to the performance of the highest ranked primary dealer - 4 points;

(ii) the number of customer accounts newly opened and utilised during the assessed period. The primary dealer with the most accounts opened and utilised under the above conditions receives the maximum score, and the other dealers receive between 0 and the maximum score, relative to the performance of the highest ranked primary dealer - 4 points.

(2) The qualitative criteria set out in paragraph (1) shall apply also for the assessment of the activity carried out by primary dealers in the framework of early buy-back operations of government securities and of the exchange operations of government securities.

CHAPTER VI

**Transitional and final provisions**

ARTICLE 53

The suspension of the status of primary dealer by the MF, according to the provisions of the Framework Regulation, leads to the suspension of the right to participate in market operations with government securities on the market administered by the NBR.

ARTICLE 54

The NBR is exempted from the obligation to verify whether the bidders in the tenders for the government liabilities management operations are the legal holders of the government securities subject to the early exchange and the early buy-back phase of the exchange of government securities.

ARTICLE 55

The NBR shall be exempted from the obligation to verify the existence of the mandate granted by customers to primary dealers, as participants in the government debt management operations on the market administered by the NBR, with regard to customer bids submitted through primary dealers in the aforementioned operations.

ARTICLE 56

The fees charged by the NBR for activities related to government debt management operations are set out in the Appendix - Fees charged by the National Bank of Romania for activities related to primary market operations and government debt management operations carried out on the government securities market administered by the National Bank of Romania, which forms an integral part of this Regulation.

ARTICLE 57

As the market administrator mandated by the MF, the NBR encourages the establishment of professional associations in order to raise professional standards, establish and impose rules of professional conduct and ethics in the conduct of government debt management operations on the market administered by the NBR.

ARTICLE 58

(1) This Regulation shall be published in the Official Gazette of Romania, Part I, and shall enter into force on 1 May 2022, from which date Regulation of the National Bank of Romania No 7/2016 on the primary market for government securities administered by the National Bank of Romania, published in the Official Gazette of Romania, Part I, No 797 of 10 October 2016 ("NBR Regulation No 7/2016"), the Rules of the National Bank of Romania No 1/2016 for the application of Regulation of the National Bank of Romania No. 7/2016 on the primary market for government securities administered by the National Bank of Romania, published in the Official Gazette of Romania, Part I, no. 1059 of 29 December 2016, as amended ("NBR Rules no. 1/2016"), as well as the Rule of the National Bank of Romania no. 2/2010 on the electronic transmission of some documents related to tenders and subscriptions of government securities, published in the Official Gazette of Romania, Part I, no. 480 of 13 July 2010.

(2) By way of exception from the provisions of paragraph (1), the following provisions relating to the monitoring and evaluation of primary dealers shall be repealed after the expiry of 12 consecutive calendar months from the date of entry into force of this Regulation:

a) Article 8 of NBR Regulation No 7/2016;

b) Chapter IV "Monitoring the activity of primary dealers" of NBR Regulation no. 7/2016;

c) Chapter III "Monitoring and evaluation of the activity of primary dealers" of the NBR Rules no. 1/2016;

d) until the expiry of the period provided for in this paragraph, the references in Article 5 to Article 47 to "weighting coefficient" and "exchange rate" shall be deemed to be references to Article 8 of NBR Regulation no 7/2016;

e) until the expiry of the time limit provided for in this paragraph, the reference in Article 21 paragraph (2) letter a) relating to the ranking established in accordance with the provisions of Article 49 paragraph (2) shall be deemed to be a reference to Article 40 paragraph (1) letter b) of NBR Regulation No 7/2016;

f) until the deadline provided for in this paragraph, primary dealers with less than 12 calendar months of seniority shall be monitored and evaluated for the period starting from the date of exercising the status of primary dealer preceding the month of monitoring and evaluation. That primary dealer shall not be included in the ranking established in accordance with the provisions of Article 40 paragraph (1) letter b) of NBR Regulation no. 7/2016, but it participates in the award of government securities in the additional non-competitive bidding session after the end of the first stage, in accordance with the provisions of Article 21 paragraph (2) letters b), c) and d).

(3) By way of exception from the provisions of paragraph (1), the provisions of Chap. V "Monitoring and evaluation of the activity of primary dealers" shall apply after the period of 12 consecutive calendar months from the date of entry into force of this Regulation.

ARTICLE 59

Any reference or reference in the normative acts in force to the Regulation of the National Bank of Romania No 7/2016 on the primary market for government securities administered by the National Bank of Romania shall be construed as a reference to this Regulation.

ARTICLE 60

The NBR shall issue rules in application of this Regulation, which shall have the same date of entry into force as this Regulation.

For the Chair of the Board of Directors of the National Bank of Romania,

**Florin Georgescu**

Bucharest, 19 April 2022.

No 8.

APPENDIX

**FEES**

**levied by the National Bank of Romania for activities related to primary market operations for government securities and to the management of government liabilities conducted on the government securities market administered by the National Bank of Romania**

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| Fee for analysing the documentation submitted | 100 |

| by the applicant institutions in order to become | |

| primary dealer, including in case of merger or | |

| spin-off involving at least one primary | |

| dealer | |

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| Signature specimen sheet | 22 |

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| Fee for registration of the record accounts of | 10 |

| government securities related to primary dealers' | |

| clients | |

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