BANCA NAȚIONALĂ A ROMÂNIEI

SaFIR
System Rules

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Unofficial translation (provided for information purposes only)

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1. General provisions

1.1. General aspects

Pursuant to Art. 23 Par. 1 and Art. 29 Par. 2 letter (b) of *Law No. 312/2004 on the Statute of the National Bank of Romania* as well as to the conventions concluded with the Ministry of Finance, the National Bank of Romania operates the financial instruments depository and settlement system SaFIR, acting as Central Securities Depository for the government securities issued on the government securities internal market by the Ministry of Finance, the certificates of deposit issued by the National Bank of Romania and other fixed income financial instruments set by National Bank of Romania's Board.

The SaFIR system operates based on the indirect holding system. The financial instruments registered within SaFIR on the participants' behalf and accounts acknowledge the participants' legal title to the respective financial instruments. The financial instruments registered in customer accounts are held by the system participants on their customers' account.

Dematerialized government securities issued by the Ministry of Finance will be registered in the accounts opened on behalf of the SaFIR participants, the legal title to government securities being acquired in compliance with the provisions of Art. 34, para. 4 of the *Regulation on market operations with government securities on the internal market*, approved by *Order No. 2245/2016 issued by the minister of finance*, as subsequently amended and supplemented.

In its capacity as system administrator, NBR ensures the processing of operations in financial instruments in SaFIR in accordance with the provisions of the present document, in compliance with the applicable regulatory framework and provides the system participants with the following services in the categories listed in Sections A and B of the Annex to *Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012*:

- basic services:
  - notary service (initial record of financial instruments into an account entry system);
  - the centralized management service (opening and administration of accounts recordings the financial instruments at the highest level);
  - financial instruments settlement service.

- ancillary services:
  - settlement related:
    - collateral management;
    - matching
    - manual initiation by NBR of SWIFT messages on behalf of participants in contingent situations;
    - reverse operations management;
  - notary and centralized management related:
    - information desk;
    - processing of payment events;
    - processing of financial instruments garnishments.

SaFIR system is mandated by NBR in compliance with *Law No. 253/2004 on the settlement finality in the payment systems and securities settlement systems*[1], as subsequently amended and supplemented.

1.2. Meaning and purpose of the SaFIR System Rules

The *SaFIR System Rules* govern the relationship between the NBR and participants in the SaFIR system, establishing:

(i) terms and conditions for SaFIR accession;
(ii) rights, responsibilities and liability of participants and of NBR related to SaFIR;
(iii) processing and settlement procedures of the system-generated instructions;
(iv) risk management approach;
(v) procedures to be followed in case of contingency events;
(vi) any other conditions regarding the system operation.

The ***SaFIR System Rules*** shall mean the present document (called "*SaFIR System Rules*") as well as ***Documentation*** (as defined in Appendix 1 – *Glossary of terms*).

The terminology used in the *SaFIR System Rules* is defined in the Appendix 1 of the present document.

[1] Normative act that transposes into Romanian legislation the provisions of *Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems*.

1.3. NBR Role

NBR acts within the SaFIR system having the following qualities:

a) Administrator, respectively central depository of financial instruments, in which capacity it provides the services mentioned in section 1.1. of this document, manages and controls the operation of the system, authorizes the access to the system, establishes and amends the *SaFIR System Rules*, sees their observance by the participants, and may impose penalties in case of infringement;

b) operator of the technical infrastructure of the SaFIR system, in which capacity it ensures the daily operation of the system and is responsible for data security and archiving of system documents, IT applications and system infrastructure, including backup solutions to ensure business continuity and disaster recovery;

c) settlement agent and operator of the ReGIS/TARGET system, carrying out the final and irrevocable settlement of the RON/EUR-denominated funds related to financial instrument operations with SaFIR;

d) liquidity provider, quality in which provides liquidity throughout the day to certain categories of participants stated in the *ReGIS System Rules*, in order to ensure the efficient and smooth functioning of the payment and settlement systems;

e) participant to SaFIR system, quality in which it uses the system to perform operations on its own behalf.

1.4. Settlement mechanisms in SaFIR

The SaFIR system provides participants with the following types of settlement mechanisms:

(i) Delivery versus Payment – DvP;

(ii) Free of Payment – FoP;

(iii) Payment Free of Delivery – PFoD.

1.4.1. Delivery versus Payment – DvP

Delivery versus Payment (DvP) is ensured by the fact that the debiting of book-entry accounts for the financial instruments takes place if and only if the system receives the confirmation of the

funds' settlement, thus guaranteeing the participants the mutual settlement of the funds and of the financial instruments.

Funds settlement confirmation has the following attributes:

(a) The relevant payment system delivers the settlement confirmation, with the exception of: (i) settlements in USD and (ii) settlements in RON that relates to specific operations carried out with BNR by entities that have a current account open with the BNR and not eligible to participate to the ReGIS system;

(b) In the case of primary market operations in RON-denominated financial instruments, the confirmation of funds settlements is sent by the ReGIS system in response to the request submitted by the SaFIR system regarding the debiting of settlement account of the paying participant.

(c) As for primary market operations in foreign currency-denominated financial instruments, the confirmation of funds settlements is sent by the issuer or by his settlement bank (in the case of government securities by the central bank, in its capacity as the settlement bank of the state).

(d) In the case of secondary market operations with financial instruments, funds may be settled either in the currency of issue or in other currencies, as agreed by the parties. Funds in RON, respectively in EUR are settled in real time, by means of the ReGIS , respectively via TARGET systems. As regards the settlement in US dollars (USD), funds are settled via correspondent banks. The settlement may last longer than one day, but it will not exceed the *Free of Payment (FoP) Service Cutoff Time* on the operating day subsequent to the receipt of the confirmation of funds settlement by the selling participant from the correspondent bank or the Cutoff Time indicated in the SWIFT messages. The confirmation of funds settlement will be sent:

    (i) by ReGIS, in response to SaFIR request on debiting the settlement account of the paying participant where the settlement of financial instruments is in RON;

    (ii) by the settlement bank, in response to SaFIR request on the settlement in RON of transactions between two participants having the same settlement bank;

    (iii) by BNR, in the case of settlement in RON, directly into the current account opened with BNR, of specific operations carried out with BNR by entities that have a current account opened with BNR, not eligible to participate to the ReGIS system;

(iv) by the TARGET system in response to the funds settlement instruction sent by SaFIR to TARGET, where financial instruments are settled in EUR;

(v) directly by the selling participant, where the settlement of financial instruments is in USD.

SaFIR participants as well as any settlement agent or settlement bank are required to credit the beneficiaries' funds accounts as soon as possible after completing the settlement of a transaction in financial instruments via SaFIR, regardless of the settlement currency.

The DvP models used in the system are:

a) *gross – gross*, in which both the transfer of funds and that of financial instruments are carried out on a gross basis, namely on a case-by-case basis. This model will be applied in the case of settlement of secondary market operations in RON-denominated financial instruments, intraday settlement auctions, operations excluded from a participant's multilateral net position calculated by the system, the settlement of primary market operations in certificates of deposit as well as in the case of the settlement of all operations in foreign currency-denominated financial instruments.

b) *net – gross*, in which funds are settled on a net basis and financial instruments are transferred on a gross basis. This model will be applied only in the case of settlement of the primary market results, including the case of early redemption settlement operations or of redemptions namely payment events relative to RON-denominated government securities.

1.4.2. Free of Payment – FoP

A Free of Payment – FoP is a transfer of financial instruments that is performed without the prior confirmation of the funds transfer being carried out.

The participants may request the carrying out of a FoP transfer in the case of:

(a) transfers of customers' and/or participants' portfolios;

(b) transfers of the financial instruments of a participant's client from the omnibus account to an individual account of the same participant;

(c) updating participants' account balances as a result of transactions settled in other depositories' systems;

(d) execution of pledges by appropriation;

(e) substitutions within repo arrangements;

(f) margin calls relative to repo arrangements;

(g) operations between participants and their own customers, where the payment of financial obligations is made through the credit institution.

The system may automatically initiate a FoP transfer for:

(i) the transfer of financial instruments from issuer account (9) to investor account (0) of the issuer, on the occasion of the settlement of subscriptions/ auctions, and in reverse order on the occasion of optional or total redemptions;

(ii) government securities purchased on the primary market by a SaFIR participant, other than the primary dealer, will be automatically transferred into own holding account in SaFIR, after the settlement of primary market results;

(iii) the transfer of financial instruments from the NBR's mirror accounts to the participant's account and vice-versa, through the connection between SaFIR and other central depositories' systems.

2. Participation in SaFIR

In order to participate in the SaFIR system, an institution must fall into one of the categories set out in Section 2.1, meet the conditions for participation set out in Section 2.2 and conclude a system accession agreement with NBR.

2.1. Access criteria in the SaFIR system

2.1.1. Eligible institutions

The following institutions are eligible for participation in the SaFIR system:

a) credit institutions from the European Economic Area, as defined in Art. 4 Par. (1) of *Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June*

2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012[2];

b) credit institutions outside European Econimic Area (EEA) provided they operate through a branch established within EEA;

c) the National Bank of Romania;

d) the Ministry of Finance;

e) financial investment service companies, as defined in Art. 3 Para. (1) point 74 of *Law no. 126/2018 on the markets for financial instruments*, as subsequently amended and supplemented, which are authorized by the Financial Supervisory Authority (ASF), if they are accepted on the primary and/or secondary market managed by the NBR;

f) central securities depositories authorized to provide services within the European Union, in accordance with the provisions of *Regulation (EU) No 909/2014*;

g) central counterparties authorized to provide services within the European Union, in accordance with the provisions of *Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories*.

NBR, as administrator of the SaFIR system, may refuse an eligible institution which fulfills the conditions of participation set out in Section 2.2 to participate in the system if, according to NBR assessment, such a participation would threaten the smooth and orderly functioning of the government securities market or would generate systemic rysk. In this case, the SaFIR administrator shall communicate to the applicant the reasons for the refusal. The criteria for evaluation are those set out in the *Commission Delegated Regulation (EU) 392/2017 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on authorisation, supervisory and operational requirements for central securities depositories*.

In order to participate in the system, any eligible institution must comply with the general legislative framework in the field of preventing and combating money laundering and terrorist financing, the implementation of international sanctions, and have an internal procedural

[2] Co-operative credit organizations authorized by the NBR can access the SaFIR system only through the central house on whose network they belong.

framework adequate to the requirements of the legislation applicable in this area, in order to ensure that the transactions it manages are not used for fraud, money laundering, corruption or other illegal activities. In this regard, the respective institution will submit to NBR a declaration of compliance, in a form agreed by the system administrator, signed by the compliance officer.

In order to participate in SaFIR, the institutions belonging to the eligible categories mentioned at 2.1 letters a), b) and e) shall conclude with NBR the accession agreement according to the model provided in Appendix 2 to the present document. The other eligible institutions will sign, after an individual assessment, specific accession agreements depending on the requested services.

2.1.2. Categories of participants in the SaFIR system

Depending on the activities carried out within the system, the participants may act in the following capacities:

(a) participant performing transactions only on its own behalf and account;

(b) participant performing transactions both on its own behalf and account and on its customers' account;

(c) issuer;

(d) central bank;

(e) settlement bank;

(f) financial market infrastructure.

For operations with government securities, according to the laws in force, the participants performing transactions both on their own behalf and account and on their customers' account may acquire the status of primary or intermediary dealer on the secondary market.

The change of status will be recorded by the SaFIR system administrator upon notification from the competent authority and produces effects on the accounts opened on behalf of a SaFIR participant, as appropriate, in compliance with the laws in force.

2.2. Conditions for participation in the system

2.2.1. Operational capacity

In order to participate in the system, an institution must be technically certified by NBR, in compliance with the provisions set forth in *"Requirements for the technical certification of ReGIS/SaFIR participants"*.

The participants must comply with the operational capacity requirements on a continuous basis and participate in the tests regularly carried out for this purpose by the system administrator.

The costs related to ensuring the operational capacity for participating in SaFIR are assumed by the participants.

The costs related to ensuring the operational capacity for participating in SaFIR are assumed by the participants.

The system administrator is not required to provide participants with either hardware equipment and (software) operating systems allowing them to access SaFIR or the kit necessary for the electronic signature within the system set forth in *"Requirements for the technical certification of ReGIS / SaFIR participants"*.

The participants may change the location of their primary connection to the system only with the approval of the system administrator. Any primary or back-up connection will be located only where there are adequate arrangements for on-site review of a participant's instructions processing and computer facilities, adequate access to digital telecommunications facilities, legal framework and adequate arrangements for necessary authentication and security devices, and adequate assurances that operation of the system will not be subject to interruption or interference by internal or external political developments.

Any participant wishing to change the location or the operational characteristics of a computer will present the system administrator a proposed plan describing the change and obtain its approval.

The participant may not change the established Cutoff Time in case it of changing the connection site.

The participant must ensure the availability of skilled staff, in compliance with the requirements stipulated in this section. By signing a User registration form, as set out in Appendix 4, the participant empowers the above-mentioned staff to act on its behalf, relative to the system.

The participants that are not operating on Romanian territory, and respectively do not have access to the RCI-IPF network, will perform their operations through an operating agent, in which case the requirements related to the participant's operational capacity shall be regarded as fulfilled as long as the operating agent meets these requirements.

If the participant has the quality of financial market infrastructure:

(a) it shall immediately inform NBR regarding any critical service provider on which it relies upon (by mail, secured e-mail, authenticated fax or courier);

(b) states that its governance system and its management processes will not affect the providing of services in good conditions by the SaFIR system administrator, including risk management mechanisms and non-discriminatory access conditions.

2.2.2. Legal soundness

In order to participate in SaFIR, applicant eligible institutions governed by foreign laws (including those within the EEA) must cumulatively meet the following conditions:

(i) provide NBR with a legal opinion addressing the applicant's capacity according to Appendix 12, unless the information and statements to be provided by such legal opinion have already been obtained by the NBR in another context;

(ii) provide NBR with a legal opinion on the country according to Appendix 12, unless the information and statements to be provided by such legal opinion have already been obtained by the NBR in another context.

2.2.3. Financial stability

In addition to the provisions laid down in sections 2.2.1 and 2.2.2, the system administrator may also establish requirements regarding the participants' financial stability.

2.3. Critical participants and critical operations

2.3.1. Critical participants

A SaFIR participant is listed by the system administrator to the critical participant category if its incapacity to settle (mainly due to a malfunction of an operational nature) may lead to the incapacity of the other participants to fulfill their system obligations at maturity, a situation that might cause systemic risk.

The list of critical participants will be set for the current year by January 15 of each year, based on data from the previous calendar year, or as often as needed. The SaFIR system administrator continuously identifies, monitors and manages the operational risks posed by critical participants.

In the case of the entities listed under section 2.1.1., paragraphs a), b) and e) of the present document, the SaFIR system administrator permanently identifies the critical participants, based on the following indicators:

(a) value of transactions in the system;

From this point of view, a participant is considered critical for SaFIR if the following criteria are cumulatively met:

i) the market share of that participant, calculated as the monthly average of the value of daily transactions settled by that participant through SaFIR constantly represents (for at least 7 months out of 12) at least 10% of the average of the daily transactions settled through this system in that month;

ii) the cumulated market share of those participants that settle at least 10% of the value of the daily transactions represents at least 50% of the total daily transactions settled in SaFIR. If this limit has not been reached, other participants with a market share of less than 10% will be added to the list of critical participants until reaching the 50% specified limit;

iii) the difference between the market share of the last ranked participant and the first participant who is out of the ranking (normal participant) ranking according to the previous criteria is at least 1%.

(b) significant dependency relationships between participants and their own customers, which could affect the SaFIR system, if the customers are known to the system administrator;

(c) the potential impact on other participants and on the SaFIR system as a whole in the event of an operational problem that could affect the provision of SaFIR services in good conditions by the system administrator.

The criteria used for identifications of critical participants may be subject to periodic review by the system administrator in order to reflect as accurately as possible the criticality of the system participants depending on the actual market conditions and the significant reliance relationships between participants and their customers.

From the perspective of systemic risk, SaFIR participants belonging to the categories mentioned at c) and d) of section 2.1.1. are not considered critical participants, while participants in the categories mentioned in letter f) and g) of section 2.1.1. are considered critical participants.

Critical participants shall be notified by the system administrator of the classification in this category.

The SaFIR system administrator imposes additional system participation requirements to critical participants. Critical participants shall therefore be required to:

a) have an operational secondary site, (preferably) located in an area that is not exposed to the same risks and not relying on the same public utility infrastructure (electricity, telecommunications, public transportation etc.) as the headquarters;

b) plan and conduct yearly business continuity tests to prove that, in case of a major disruption at the headquarters, the institution manages to perform the main operations, to close the present operating day, and to open the following operating day from the secondary site;

c) participate in business continuity tests organized by the system administrator;

d) report to the system administrator any operational incidents recorded in the previous calendar year which affected the functioning of their systems, resulting in the impossibility to run settlements in SaFIR within acceptable parameters for a period longer than 30 minutes (informing about the incident type, duration, solving methos, the number of incidents listed by type).

If necessary, the SaFIR system administrator may request from critical participants relevant information about their customers, in order to identify the customers that perform a significant part of the transactions settled through the SaFIR system.

2.3.2. Critical operations

Following critical operations are defined in SaFIR system:

1. Very critical operations, namely:
    a) operations carried out by participants in relation to the issuer:
        i. settlement of initial investments (including transfers to primary and secondary dealer accounts), exchanges;
        ii. import/export holdings to/from RoClear system;
        iii. payment events processing;
    b) operations related to the pledge management for the settlement of net positions sent by the auxiliary systems for the ReGIS system: SENT, Visa, MasterCard and RoClear (registration, execution, etc.);
    c) intraday repo.
2. Critical operations, namely operations that NBR may decide to process in extreme contingent situations, if they are considered indispensable for maintaining financial stability.

2.4. Procedure for requesting participation in the system

In order to participate in the SaFIR system, the eligible institutions must complete the following steps:

a) to submit to the NBR a written request regarding participation in the SaFIR system, containing at least identification information of the applicant party (name, country of origin etc.), the participation category requested , the investment services for which it is authorized, identification of the authority institution if applicable (name and contact details of the competent authority of the requesting party, name and contact details of the relevant authority in accordance with *Regulation (EU) No 909/2014*);

b) to receive the technical certification, respectively to undertake the technical certification procedure provided in the document *"Requirements for the technical certification of ReGIS/SaFIR participants"*;

c) in the case of institutions governed by foreign legislation, to provide NBR with the legal opinions mentioned in Appendix 12;

d) to submit the forms related to people designated as access managers (Appendix 13);

e) to submit the forms for the registration of the participant and its users in the system, for both Test and Production environments (Appendixes 3, 4 and 5);

f) to sign the SaFIR Accession Agreement.

NBR may request any additional steps it deems necessary to reach a decision on the participation request.

NBR shall reject, motivated, in writing, the participation request if:

a) the access criteria mentioned in Section 2.1 are not met;

b) one or more of the participation conditions mentioned in Sections 2.2.1 and 2.2.2 regarding the operational capacity and the compliance of the legal framework are not fulfilled;

c) according to NBR's assesment, such participation would jeopardize the stability, good functioning and security of SaFIR or jeopardize the fulfillment by the NBR of its objectives under Law no. 312/2004 and the tasks provided for in the Statute of the European System of Central Banks (ESCB) and of the European Central Bank (ECB).

The BNR shall notify the applicant, in writing, of the decision on the request to participate within 30 days of receipt of the documents referred to in this Section. If NBR requests additional information, the decision shall be communicated within 30 days of receipt by the NBR of this information from the applicant.

The time limit for communicating the decision is three months, if the request is transmitted by one of the following entities:

a) a central depository of financial instruments requesting access to SaFIR, by establishing a standard or personalized connection, as provided for in Articles 50-52 of *Regulation (EU) No 909/2014*;

b) a financial market infrastructure requesting access to SaFIR pursuant to Art. 53 paragraph (1) of *Regulation (EU) No 909/2014.*

2.5. Adding or modifying a participant

NBR, as system administrator, may introduce data on new participants into SaFIR and may modify these data, whenever appropriate.

Each participant will provide all the information stated in the form "*Information on SaFIR Participants*" in Appendix 3 to the present document to the system administrator, at least 5 banking days before the entry into force of the Accession Agreement.

Each participant will immediately notify the system administrator in case of any change in the data required by the said form (including merger and split-off) and, if appropriate, will provide again the respective form.

2.6. Parties' obligations and liabilities

2.6.1. Parties' obligations and liabilities

2.6.1.1. *General obligations*

Participants will permanently monitor the progress of their own operations in the system and report any irregularity to the system administrator.

Participants will send instructions to SaFIR in accordance with the provisions of the current document and those included in the *Documentation*.

Participants will submit to NBR any requested relevant information, including:

a) information of a financial nature;
b) related to the prevention and combating of money laundering and the financing of terrorism and the implementation of international sanctions, as appropriate and
c) information about the participants' clients who are responsible for a significant part of the operations processed by the SaFIR system, or the clients whose transactions are significant, in terms of volume and value, in relation to the risk management capacity of those participants.

Participants must submit into the system only instructions compliant with the technical standards agreed upon and will ensure the accuracy of data included in such instructions.

Participants will secure the access of their employees to their workstation in accordance with the requirements referred to in "*Requirements for the technical certification of participants in the ReGIS/SaFIR System*".

Participants will ensure the existence of the securities in the financial instruments accounts and the availability of funds in the corresponding settlement accounts for the payment of the obligations related to all the instructions settled in SaFIR.

Participants will communicate to NBR the names and signature specimens of the authorized persons and access administrators, by submitting the form contained in the Appendix 13 of the present document.

Participants are required to obtain and maintain their LEI (Legal Entity Identifier) codes valid, to report them to NBR, as well as any subsequent modifications thereof, by completing the form in Appendix 3 to the present document.

Participants will comply with the instructions sent by the system administrator and apply its indications on the carrying out of participants' obligations.

Participants shall inform the system administrator regarding any change in their legal capacity and the entities referred to in Section 2.1.1 (a), (b), (e), (f) and (g) regarding the relevant legislative changes affecting the legal opinion on the country regarding the respective participants.

By signing the SaFIR accession agreement, participants shall guarantee to the system administrator that, in fulfilling their obligations under the *SaFIR System Rules*, they do not violate any legal, regulatory or statutory provisions applicable to them and no agreement to which they are held.

Participants shall also inform the NBR as soon as they are confronted with a situation that may cause them to fail to comply with their obligations to participate in the system.

2.6.1.2. *Monitoring own operations*

During each operating day, participants will monitor the settlement of their own instructions, the number and value of instructions in a waiting queue, any net or gross settlement instructions in a waiting queue and its account balances of funds and financial instruments.

Participants will avoid by any possible means having unsettled instructions.

The system administrator will not be liable for any loss incurred by a participant due to the latter's failure to monitor and reconcile its transfer flows. A participant may not claim indemnifications (court expenses included) from the system administrator in the case of that participant's failure to monitor and reconcile its payment flows.

2.6.1.3. *Obligations in case of contingency events*

In case of contingency events, as defined in Section 15, or force majeure events, the participant will take all measures to:

a) identify the nature and the extent of the incident/event and notify immediately the system administrator about it;

b) solve the incident, if it is entitled and able to do so, or if it does not have the capacity to address the incident, make use of the procedures in case of contingency events or the disaster recovery plan provided for in the *Documentation*, if applicable;

c) notify the system administrator about the status of solving the problem and/or the system returning to normal operating mode.

2.6.1.4. *Participants' liabilities*

Participants are liable for the entire circuit of the instructions they send to SaFIR, until these instructions are entered into the system.

Participants are liable for the accuracy of information embedded in the instructions they send on their own behalf and account or on their customers' accounts.

Participants are liable for the activity performed by their own users in SaFIR.

Participants will strictly abide by the *Rules* and *Procedures* governing the access to the System.

Only authorized users may access the System.

Participants are liable for any breach of the *SaFIR System Rules* and for the damages resulting from breaching the system access procedures or their inappropriate or fraudulent use.

Participants are liable for complying with legislation in the field of preventing and combating money laundering and terrorist financing and the implementation of international sanctions.

Participants areliable for any intrusion (unauthorized access) in the SaFIR system and in the RCI-BNR network, which takes place through its connection to these systems, including the situation when participant's facilities have only been used as access point.

2.6.2. National Bank of Romania's obligations and liabilities

2.6.2.1. *NBR's obligations in its capacity as system administrator*

In its capacity as system administrator, the NBR will be responsible for:

- the validation of instructions received in accordance with the provisions of the *SaFIR System Rules*;
- the integrity, availability and confidentiality of data, from theientry of instructions into the system until their final settlement or cancellation by the system;keeping a track record of all provided services and activities, in accordance with the applicable Romanian legislation;
- take all the reasonably necessary measures to maintain the system security by means of appropriate equipment and procedures related to data integrity, availability and confidentiality;
- take all the reasonably necessary measures to correct without delay and in close co-operation with the providers of hardware, software and/or other services of any error or failure in the system.

NBR will take all the necessary measures to protect the system as well as to prevent and correct any system failure.

NBR guarantees the participants to the SaFIR system that their instructions are processed efficiently, in compliance with the requirements mentioned in the *SaFIR System Rules*.
NBR shall inform the participants of any delay or defective processing within the SaFIR system, in accordance with the provisions of *Section 14-Error handling* of the present document.

2.6.2.2. *NBR's obligations in its capacity as central depository of financial instruments*

The NBR holds and manages the financial instruments settlement accounts opened for participants with SaFIR.

NBR takes all the reasonably necessary measures to ensure real time final (and irrevocable) settlement of participants' instructions entered into the system for whose settlement there are enough financial instruments and/or funds.

NBR takes all reasonable measures to ensure the proper management and record-keeping and to protect participant's rights in relation to financial instruments; furthermore, it enforces all required procedures in order to ensure the strict safekeeping and record-keeping of all participant assets, and takes all reasonable measures to ensure periodic reconciliation of the participant's accounts for a fair and updated view thereof.

2.6.2.3. *NBR's liability*

NBR is liable for the direct damages caused to participants due to carelessness/negligence based on SaFIR failures or for failure of its other obligations, resulting in erroneous recordings into the system participants' accounts, within the limits set in accordance with the provisions of Art. 45 of the *Law no.312/2004*.

NBR is liable towards the participants for the direct damages caused to them by an act committed on purpose or by gross negligence.

NBR is not liable for:

- either SaFIR failures resulting from the incorrect use of the system by participants or from the licensed software errors;
- damages resulting from error messages or errors that cannot be detected by using the validation methods described in the *Documentation*;
- losses suffered by a participant as a result of its non-compliance with monitoring responsibilities referred to in section 2.6.1.2 of the present document
- damage caused by the participants;
- damages resulting from a case of force majeure or fortuitous case, according to section 2.5 of the present document;

- damages resulting from a malfunction or disruption of the technical infrastructure (including, but not limited to, the IT infrastructure, programs, data, applications, or NBR networks), if such malfunction or interruption occurs despite the fact that the NBR has undertaken the measures reasonably deemed necessary to protect the infrastructure in question against malfunction or interruption in operation and to remedy the consequences of such malfunction or interruption in operation (the latter includes, but is not limited to, initiating and completing procedures to ensure continuity of SaFIR system activity);
- the issuer's financial condition or capacity or for the validity of operations underlying the issuance of such instruments;
- the possibility that the transfer performed by a participant might subsequently be declared invalid or devoid of legal effects, despite its registration and recording pursuant to the *SaFIR System Rules*;
- the possibility that the collateral set up with financial instruments, although registered and recorded pursuant to the present document, might subsequently be declared invalid or devoid of legal effects, or the possibility that any (temporary or permanent) obstacle might prevent the creditor from executing such pledge either through sale or appropriation;
- the security, quality and availability of services supplied by the administrators of communication means referred to in section 9 hereof;
- the delay, the faulty processing caused by SaFIR participants/third parties or for the correctness of data or instructions sent by them.

2.7. Force majeure and unforseeble circumstances

The system administrator, respectively the participants, are not held responsible for the damages resulting from a case of force majeure or unforeseeable circumstances, according to the provisions of Art. 1351 of *the Civil Code*

Force majeure is any external, unpredictable, absolutely invincible and inevitable event.

In applying the *SaFIR System Rules*, force majeure events mean events such as natural disasters, wars, conflicts of interest (strikes), state of alert of emergency caused by a pandemic or other

major event, system breakdown due to communications failure or hardware faults at both operating locations, if it is not possible to apply disaster recovery measures.

The unforeseeable circumstance is an event that cannot be predicted or prevented by the person who would be liable if the event had not occurred.

If the force majeure event or unforeseeable circumstances prevents participants or the system administrator from performing their contractual obligations, the disaster recovery plan or other special procedures or communicated instructions sent by the system administrator to participants at that moment will apply, as the case may be.

The time limits and the manner in which the parties notify the occurrence of the force majeure event or unforeseeable circumstances are provided for in the disaster recovery plan.

2.8. Suspension or termination of a participant's access in SaFIR

Participation in the SaFIR system is for an indefinite period of time, unless participation may be suspended or terminated.

2.8.1. Access suspension

In its capacity as SaFIR system administrator, NBR may suspend the access to a participant for a definite period of time or until failures are corrected, in the following circumstances:

a) the relevant prudential supervisory authority to whom the participant is subjected requested such suspension;

b) the participant has expressed his intention in this regard;

c) the participant no longer complies with at least one of the criteria set out in section 2.1 or section 2.2;

d) insolvency proceedings are commenced against the participant;

e) the participant breaches its obligations under the *SaFIR System Rules* or the applicable procedures, as stipulated in the *Documentation* and also fails to rectify the breach within the time frame allowed by the system administrator or to provide a satisfactory justification thereof;

f) the system administrator considers, based on the evaluation of the country opinion addressing the legal system of the participant's jurisdiction (made upon receipt of the

legal opinions referred to in Section 2.2.2. or anytime at a later date, for the duration of its participation in the SaFIR system) that the other participants or the system itself would be subject to unacceptable risks if the specific participant continued to participate in the system;

g) the system administrator considers that the participant, through his behavior, induces major risks that may disrupt the proper functioning of the SaFIR system.

h) the participant breaches, repeatedly and systematically[3], in the sense art. 39 of Delegated Regulation (EU) 2018/1229 supplementing Regulation (EU) no. 909/2014 of the European Parliament and of the Council regarding regulatory technical standards concerning settlement discipline, its obligations to deliver financial instruments related to transactions, on the expected date of settlement.

In case of suspension, NBR will apply the following technical measures to the accounts of the participant concerned:

a) restriction, which is the case when the participant is still allowed to access the system and may enter settlement instructions, but these will be directed to the "Waiting for Authorization" (WFA) queue and are going to be processed only with the authorization of the system administrator, or

b) blocking, which is the case when the participant continues to have access to the system but it is no longer allowed to enter settlement instructions into the system until its accounts are unblocked.

From the moment suspension becomes effective until the moment of re-activation of the suspended participant, instructions from and for the respective participant shall be processed by the system in accordance with the provisions of the *SaFIR System Rules*.

The system administrator may decide on any term for failure correction or grace period before enforcing the suspension, taking into account the specific situation of the participant concerned.

[3] It is considered that a participant repeatedly and systematically fails to fulfill its delivery obligations within the SaFIR system, if the settlement efficiency rate recorded by that participant, determined in relation to the number or value of settlement instructions, is at least 15% lower than the settlement efficiency rate recorded by the entire SaFIR system over a period equal to at least a relevant number of days during the previous 12 months. The relevant number of days for each participant is equivalent to 10% of the number of activity days registered by the participant in the securities settlement system during the previous 12 months. When calculating a participant's settlement efficiency rate, only settlement defaults caused by that participant are taken into account.

A suspended participant is not exempted from fulfilling its obligations under the *SaFIR System Rules*, unless expressly provided for.

The system administrator will immediately notify all SaFIR participants, by secured email, of any suspension or of any decision to reactivate a suspended participant and the re-commencement date for that participant.

The respective participant shall enjoy the same rights and obligations as the other participants to the system as from the next operating day after the suspension has ceased.

As soon as a suspension has been lifted, the system administrator will take all measures to ensure that the participant operates under normal conditions in the SaFIR system, starting from the next operating day.

2.8.2. Access termination

A participant to SaFIR system ceases to have this quality if:

a) the participant renounces to this quality;

b) the decision on the commencement of insolvency proceedings against the participant - credit institution, Romanian legal entitiy, remains final;

c) insolvency proceedings are commenced against a participant - foreign legal entity, initiated and monitored by administrative or judicial authorities in order to capitalize on the assets of a credit institution under the supervision of this authorities;

d) the participant's authorization has been withdrawn by the competent supervision authority, fully or for all relevant investment services, on grounds other than those laid down on in letters a) and b);

e) the system administrator withdraws this quality as the result of the non-fulfillment of the obligations of the *SaFIR System Rules*;

f) the administrator applies a penalty of exclusion of the participant, in compliance with the regulations in force and/or this document.

Depending on the situation specificity of the participant in question, the system administrator decides on the actual access termination date, which cannot be prior to the date of the

completion of the transfers of participant's holdings from its financial instruments accounts opened with the system.

In case of access termination, the system administrator proceeds to deactivate the participant in question, which means that its users will no longer be able to connect to the system and the participant itself can no longer initiate or receive settlement instructions for financial instruments.

At the same time, the settlement instructions initiated by the other participants having as a counterparty the deactivated participant are automatically rejected by the system, and the initiating participant receives an informing message notifying the reason for rejecting its instruction.

A participant will only be able to be deactivated in the SaFIR system if there are no holdings in its financial instrument accounts in the SaFIR system.

A participant may rennounce to the quality of participant in the system, by way of a written notification sent to the system administrator, the termination of participation taking effect from the tenth banking day from the date of confirmation of the notification received by the NBR, in accordance to Section 22 of the present document.

In the case provided for in para. 1, letter e) of the present section, the system administrator will terminate the access of the defaulting participant by a written notification to the participant concerned, if the following conditions are met cumulatively:

a) something has occurred causing the suspension of the participant, and the situation imposing the enforcement of this measure has not been remedied within a reasonable period of time;

b) the system administrator has consulted the participant's competent supervisory authority on termination of the participation in the system;

c) the system administrator has given the participant the opportunity to explain the situation.

The system administrator shall specify, in the written notification sent to the participant, the reasons underlying the decision for access termination

The system administrator may revoke its decision before this decision has produced effects, only in the case a deadline for its entry into force is provided.

A participant whose access is terminated pursuant to this section will continue to be bound by the *SaFIR System Rules*, in respect of:

a) any act or matter having occurred prior to the access termination moment or being a result of the respective termination;

and

b) any costs, fees and expenses owed by other participants or which are about to be returned to these in accordance with the *SaFIR System Rules* with regard to any period prior to the time such termination takes effect or which relate to any such act or matter.

The system administrator will immediately notify the participants, by the most expeditious possible communication means of any situation of termination of participation under the terms of this section.

Following the termination of the quality of a participant and, implicitily, of the access to the system, subject to the mutual settlement of obligations in the manner permitted by applicable law, the following will apply:

a) the participant will pay/transfer all the money amounts and/or financial instruments it owes to any other participant or to the system administrator, in connection with the obligations arising from the operations performed in the system;

b) any participant who owes money amounts and/or financial instruments, in connection with the operations performed in the system, will make the appropriate payments/transfers to the participant which no longer has access to the system.

A participant whose capacity ceases is not entitled to full or partial reimbursement of already paid fees regardless of their nature. The system administrator may set an exit fee, in accordance to the pricing information in Appendix 9.

A participant whose quality ceases is no longer entitled to send instructions in the system, according to the present document.

In the event of termination of participation, the confidentiality obligation set forth in Section 18.2 hereof shall remain in effect.

2.9. Procedure applied by the system administrator for the opening of insolvency proceedings against a participant

The information received by the SaFIR administrator from the competent authority which issued the decision to open the insolvency procedure, according to Romanian law, and the information received by the system administrator from the competent foreign authority is considered a notification and produces effects in accordance with the *SaFIR System Rules* and of *Law No. 253/2004*.

Upon receiving such notification, National Bank of Romania will immediately notify all the other participants about the existence of the decision to open the insolvency procedure and will take the necessary measures to suspend the participant or, as the case may be, to terminate the access of the participant, in accordance with the present document.

The participant subject to an insolvency proceeding has the obligation to immediately inform the system administrator about this situation, by mail/e-mail, according to section 22 – Notifications.

The SaFIR system administrator may be informed about the decision to open an insolvency proceedings against one of the participants by any other person who is aware of the decision to open the insolvency procedure (such as a central counterparty, the administrator of a trading venue or a central depository connected to the SaFIR system etc.).

Upon receipt of notification of the decision on the opening of insolvency proceedings, NBR will suspend the access of the respective participant, in accordance with the provisions of sections 2.8.1.

As a result of the suspension, all settlement instructions of the participant subject to the opening of the insolvency proceeding and those in which he is a counterparty and which have been entered into the system after receiving the notification of opening of the respective procedure, will be rejected by the system. The system will not reject the following instructions that are linked to the participant underinsolvency procedure :

- portfolio transfer instructions sent to the clients' accounts;
- net settlement instructions related to settlement of primary market results and/or payment events;
- execution instructions, as well as registration/availability of the collateral to the pledgee in relation to payment systems ensuring funds clearing, including those relating to operations in financial instruments that entered the system and were supplied or made available to

the pledgee by the respective participant prior to the issue of the decision on the opening of insolvency proceedings.

In the case of opening the insolvency procedure against a participant, the system will ensure the final settlement of its settlement instructions that were introduced into the system before the decision was issued, these instructions being protected according to the provisions of Art. 3 of *Law No. 253/2004*. These instructions will be settled to the extent that there are securities and/or funds available in the participant's account, or there is collateral set for this purpose. The instructions which were not settled at the end of the day when the system administrator received the notification regarding the decision to open the insolvency procedure, as well as the instructions that did not become irrevocable, according to the provisions of section 8.1. of the present document, including those with subsequent settlement introduced in the system, which are in the "Waiting (for) Deferred Start" (WDF) queue, will be cancelled.

The instructions introduced in the system between the moment of the decision on the opening of the insolvency procedure and the moment when the system administrator receives the notification regarding the issuance of the decision to open the insolvency procedure, are processed as follows:

- the irrevocable instructions, in the acceptance of section 8.1 of the present document, are processed for the final (definitive) settlement according to Section 5 of the present document;
- revocable instructions, in accordance with section 8.1 of the present document, are canceled by the system administrator.

2.10. Measures applicable in case of recovery or resolution of the participants to the system

Any decision adopted by NBR, as system administrator, shall also take into account the compliance with the provisions of *Directive 2014/59/EU of the European Parliament and of The Council from 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council*, implemented at national level by the *Law no. 312/2015 on the recovery and resolution of credit institutions and investment firms, as well as for the amendment*

and completion of some normative acts in the financial area as consequently amended and supplemented.

The participants have the obligation to inform NBR in any situations when they are not compliant or if they are subject to crisis prevention or management measures as per amendments of *Directive 2014/59/EU*.

Regarding the suspension and/or termination of participation in the SaFIR system, the enforcement/initiation of a resolution action on the participant does not lead to the suspension and/or termination of its participation to the SaFIR system, especially if it fulfills its obligations arising from its operations in the system and as a participant in the system.

By participating in the SaFIR system, the participant consents that NBR may provide information regarding its instructions introduced in the system, technical or organizational information related to the participant, or participants in the same group or the client's customers that were obtained operating the system, to the supervisory, resolution and monitoring authorities of the EEA Member States, the Single Resolution Committee (SRC), the European Banking Authority, including central banks, as making available the information is necessary for the performance of their public tasks and provided that in all these cases, does not contravene applicable law. NBR is not responsible for the financial and commercial consequences of such distribution of information.

(i) When some of the instruments for resolution are implemented and the buyer/bridge-institution does not meet the criteria for participation to the SaFIR system, the latest mentioned may exercise, within the system, the rights of an institution subject to resolution for a limited period of time, according to applicable legal provisions and the decision of the resolution authority.

3. Creation and maintenance of users

3.1. General provisions

Only users authorized by the system administrator will be permitted access to use the SaFIR system's capabilities.

SaFIR system users are people mentioned in the form *"SaFIR User Registration/Modification Request Form"* (Appendix 4 to the present document), who are designated by the respective

participant to use the system capabilities within the limits of the user profile as requested through the form *"Application for creating/modifying a SaFIR user profile"* (Appendix 5 to this document).

Participants who do not have access to the RCI-IPF network may use the system capabilities, in accordance with section 5.7 of this document named *"Transmission of settlement instructions on behalf of a participant by a third party"*.

The system administrator will act in compliance with the security procedures for communication and data set in *SaFIR System Rules*, and having no further duty to check the identity or authority of the person sending or confirming instructions, or their content.

Without hindering any other provision of the *SaFIR System Rules* to come to effect, the system administrator has the right to refuse to execute any instruction, provided that, acting in good faith, it doubts the identity authenticity or the authorization of the user by the participant. The system administrator will instantly notify the participant, even by telephone, regarding such a refusal.

The system administrator is entitled to rely on the authorization and user list submitted by each participant via the User registration request form until it receives a written request of revocation or modification of such User registration request form.

Each written request for revision of a User registration request form received from a participant and signed by an authorized person is being subjected to the system administrator's consent in accordance with the procedure laid out in sections 3.2-3.5 of the present document.

A participant has the obligation to inform the system administrator as soon as possible when an authorized person to use the services on behalf of that particular participant ceases to be employed by that participant or ceases contractual liasons with it. Each participant is required to regularly check and, if necessary, revise their own user profiles and rights.

All forms requested according to this document may also be sent by secured e-mail, with certified signature according to the legal provisions in force.

3.2. SaFIR user registration

The registration of participant's users is made only by the system administrator, at the request of that participant.

In order for a person to be registered as a user of the SaFIR system, it is necessary to be certified in advance by the system administrator and to have the necessary kit for electronic signing within the system (according to those provided in the document *"Requirements for the technical certification of participants in the ReGIS/SaFIR system"*).

Exceptions to the above-mentioned certification obligation are the users for whom the allocation of a profile is requested, which gives them only viewing rights, as well as those designated by the system administrator.

Each participant must have at least 3 (three) users for the SaFIR system.
In order to register a user, the participant must fill and submit to the system administrator, at least 5 days prior the use of the system facilities, the following documents, as appropriate:

a) *„SaFIR User Registration/Modification Request Form"* (Appendix 4 to this document);

b) *„SaFIR User profile Creation/Modification Request Form"* (Appendix 5 to this document).

Based on the participant's request mentioned in the paragraph a) listed above, the system administrator allocates a username and password for each user.

The access of a SaFIR user to the system will be possible only by means of the application user name assigned by NBR and its related authentication elements (password to access the system, secured device to generate electronic signature with digital certificates issued by a certification service provider appointed by NBR and its associated password) (according to the document *"Requirements for the technical certification of participants in the ReGIS/SaFIR system"*).

3.3. Creation and maintenance of user profiles

The system administrator adds and amends information about a user, including the user profile, according to the information provided by the participant.

The rights to use the SaFIR system facilities are established by the system administrator, by creating maximum standard profiles (general profile) for the users of each category of participants.
Within the limit of the maximum standard profile as mentioned above, the participant requests the system administrator, by submitting the form *"SaFIR User profile Creation/Modification Request Form"* (Appendix 5 to this document), the creation and allocation of SaFIR user profiles

for its employees, in accordance with separation of responsibilities principle. The same profile can be assigned to multiple users of the participant.

The system administrator sets up the creation and allocation for a specific profile for a SaFIR user in accordance with the participant's request.

3.4. Modification of the data and profiles of the users

The modification of the data and profiles of the users of a participant is made exclusively by the system administrator, at the request of the respective participant, in accordance, as the case may be, with the changes in the responsibilities of that user.

If the object of the change is the user's name, the participant must submit the following forms:

a) *„Request Form for the Blocking/Unblocking/Termination of a SaFIR User"* (Appendix 6 to this document) filled with the old user name intended to be changed and the option "termination" checked";
b) *„SaFIR User Registration/Modification Request Form"* (Appendix 4 to this document) filled with the new user name.

If the object of the change is the user's profile, the participant must submit the following forms, as the case may be:

a) *„SaFIR User profile Creation/Modification Request Form"* (Appendix 5 to this document), if the request involves replacing the initially assigned profile with a new profile;
b) *„SaFIR User Registration/Modification Request Form"* (Appendix 4 to this document) if the request involves replacing the initially assigned profile with a profile already defined in the system for other users.

The data shall be updated by the system administrator immediately upon receipt of the above forms or, as the case may be, on the date specified therein.

3.5. Blocking, unblocking and termination of the users

A participant that intends blocking or termination of one or many of its users sends a written request to the system administrator, filling in the *„Request Form for the Blocking/Unblocking/Termination of a SaFIR User"* (Appendix 6 to this document).

Blocking, unblocking, termination of a SaFIR user is made exclusively by the system administrator, in the following situations:

a) at the written request of the participant, by sending the *„Request Form for the Blocking/Unblocking/Termination of a SaFIR User"* (Appendix 6 to this document). The system administrator is operating the blocking, unblocking and termination of the user immediately after receiving the form *„Request Form for the Blocking/Unblocking/Termination of a SaFIR User"* or on the date specified in it, as the case may be;

b) at the initiative of the system administrator, in the case the user, through its actions, disturbs the proper functioning of the system and the security of the system, the system administrator may block or directly terminate that specific user, with the immediate notification of the respective participant;

c) in the case the participant status ceases, the system administrator terminates the users of that participant.

3.6. User training and certification

The system administrator will only allow registration of users that make proof of having completed appropriate training regarding the functions to be performed. They will have to pass a thorough examination according to the desired user profile in order to obtain the system user certificate from the system administrator.

3.7. Participants' access administrators

Each participant must appoint at least 2 (two) access administrators that will be responsible for the participant's relationship with the SaFIR system, in accordance with the current section.

Identification data and signature specimens of the appointed access administrators will be disclosed to the system administrator by submitting the form in Appendix 13 (*„Access administrator form")* to this document, filled and signed by 2 managers of the participating institution or 2 representatives of the institution, empowered by its executive board. Any changes regarding the access administrators shall be notified to the system administrator as soon as possible.

The access administrators are the people empowered by the management of the participating institution to require the system administrator on behalf of the participant, with respect to the principle of the four-eyes principle (for instance, every document must be signed by two people, the completion of an activity initiated by a person must be confirmed by another person), any of the following:

a) user registration;

b) create, assign or modify user profiles;

c) block/unblock or delete the users from the system.

The forms submitted to the system administrator in order to accomplish the above-mentioned will always be signed by the 2 (two) access administrators.

In the case of the communication through secured e-mail, the forms will have to be digitally signed by the 2 (two) access administrators.

Moreover, the access administrator has the following duties:

a) to manage the requests for issuance/revocation/renewal of digital certificates for participants' users;

b) to update the data communicated to NBR regarding the users of the participant, including the profiles allocated to them, whenever changes occur;

c) periodically review the accounts allocated to the participant's users, including the profiles assigned to them, at the request of the system administrator.

The system administrator keeps records of all the access administrators appointed by the SaFIR system’s participants.

4. Accounts

4.1. Book-entry accounts for financial instruments

The system administrator opens book-entry accounts for financial instruments on behalf of each participant, in accordance with current section.

The book-entry accounts of financial instruments opened with SaFIR system, according to the present *Rules*, are governed by the Romanian legislation.

4.1.1. Types of book-entry accounts of financial instruments and levels of segregation

Each SaFIR participant has the obligation to maintain separate evidence of own financial instruments and customers' accounts.

The participants have the option of keeping distinct records of any of the customers' financial instruments, in the SaFIR system. Thus, for each of its customer account opened with the SaFIR system, a participant will be able to decide if that account keeps records of the financial instruments of more of its customers ("*omnibus type segregation of customers*") or of a single customer ("*individual customer segregation*").

The "*omnibus segregation of customers*" represents the type of recording of financial instruments that allows any SaFIR participant to keep financial instruments of different customers in a single omnibus account.

"*Individual segregation of customers*" represents the type of recording of financial instruments that allows a SaFIR participant to segregate individual records for financial instruments of any of its customers, if and as required by the respective participant.

SaFIR participants do not use the financial instruments belonging to their own clients for any purpose, unless the respective participant has obtained the prior express consent of the client, in accordance with the provisions of the regulatory framework in force.

The following *types of book-entry accounts for financial instruments* may be opened with the system:

- **accounts in own name -** book-entry accounts for financial instruments opened on behalf of the participant (OW), in which the financial instruments owned by the participant are set forth:
    - **(0)**: account in own name automatically opened at the time of registration of participants in the system, regardless of whether the participants trade both in their own behalf and on their customers account, or trade exclusively on their own behalf;

  - **(0 followed by 13 characters) additional own name accounts** - within the SaFIR system, participants have the possibility to open several accounts in their own name, to set forth the financial instruments in their ownership.

- **customers' accounts:** book-entry accounts for financial instruments opened on behalf of the participant, in which the financial instruments owned by the participant's customers, natural and/or legal persons, resident or non-resident, are set forth as follows:
  - **(1) customers' omnibus account (OM)** - that ensures customer omnibus segregation. This account is automatically opened when registering system participants as primary or secondary intermediaries;
  - **(1 followed by a maximum of 13 characters) individual customer account (IS**), that ensures individual customer segregation. Within the SaFIR system, participants have the opportunity to open several individual customer accounts, depending on the level of segregation they consider appropriate.

- **(2) via dealer account**: book-entry account opened only for transactions in government securities, on behalf of the primary dealer participant, in which government securities purchased on the primary market by its customers, secondary market intermediaries and/or SaFIR participants which carry out transactions in government securities on their own behalf and account;

- **(6) garnishment account**: book-entry account, opened on behalf of the NBR as garnishee third party, in order to transfer (FoP) the financial instruments from the garnished debtor's account to the garnishor creditor's account, indicated by the court enforcement officer;

- **(7) mirror account**: book-entry account opened on behalf of the NBR in order to transfer (FoP) financial instruments deposited with the Euroclear system;

- **(8) mirror account**: book-entry account opened on behalf of the NBR in order to transfer (FoP) financial instruments deposited with the RoClear system;

- **(9) issuer account**: book-entry account for financial instruments, opened on behalf of the issuer, in which the financial instruments issued by this one are set forth.

The financial instruments book-entry accounts opened with SaFIR, corresponding to their status within the SaFIR system, are as following:

Accounts for the participants performing transactions both on their own behalf and account and on their customers' behalf	Accounts for the participants performing transactions only on their own behalf	Accounts for the iIssuer	Garnishment accounts	Technical accounts for operations with other central depositories
Own accounts (0) Customers Accounts (1)* Account (2)**	Own accounts (0)	Account (0) Account (9)	Account (6) ***	Account (7)**** Account (8)*****

Note:

* only for transactions in government securities;

** only for primary dealers that perform transactions on the primary market on behalf of other participants;

*** only for NBR as garnishee third party in order to transfer the financial instruments from the garnished debtor's account to the garnishor creditor's account, indicated by the court enforcement officer;

**** only for the NBR in order to transfer financial instruments deposited with the Euroclear system;

***** only for the NBR in order to transfer financial instruments deposited with the RoClear system.

Each book-entry account for financial instruments opened with the system on behalf of a participant will be assigned an unique identification code that presents the following format:

AAAA	**B**	**CCCC**CCCCCCCCC
(1)	(2)	(3)

The groups of characters have the following meanings:

(1) participant code (consists of the first 4 characters of the BIC code of the participant concerned);

(2) type of book-entry account for financial instruments;

(3) group of characters that can be used to identify the participant that performs transactions on the primary market via a primary dealer or to allow the individual segregation of customers of a participant in SaFIR system.

4.1.2. Opening, updating and closing the additional own name accounts

Through the graphical interface of the computer application of the SaFIR system, participants have the opportunity to open, update and close an additional own name account that sets forth the financial instruments they own.

The code that the system assigns to this type of account is unique. The system will not allow the reuse of this code by a participant under any circumstances, including the case of the code for a closed account by that respective participant.

SaFIR participants update and/or close an additional own name account, whenever necessary.

Participants may update the data/information related to such an account, except for its code, the modification of which is not allowed by the system.

An additional own name account opened by the participant may be closed by the participant through the graphical interface of the computer application of the SaFIR system provided the following conditions are met cumulatively:

- that account should not be subject to processing settlement instructions ;
- the account balance is zero.

By its own initiative, the SaFIR system administrator may close an additional own name account provided that the respective account records no position of financial instruments and that for at least one year no settlement instructions have been recorded, in this case this account being considered, as a consequence, an inactive account. The closure of such an account will be performed by the administrator of the SaFIR system only after the notification of the respective participant made in accordance with the provisions of section 22 - Notifications of this document. In the case during the next 30 business days from the date of the notification to the participant the account records no financial instruments positions and there are no settlement instructions in relation with the account, the system administrator will close the respective account.

4.1.3. Opening, updating and closing the accounts that ensure the individual segregation of the financial instruments the participants' customers

Through the graphical interface of the computer application of the SaFIR system, participants have the opportunity to open, update and close an account that ensures the individual segregation of the financial instruments of the participants' customers

In SaFIR, the code that the system assigns to this type of account is unique. The system will not allow the reuse of this code by a participant under any circumstances, including the case of the code of a closed account by that respective participant.

SaFIR participants have the obligation to update and close an individual customers account, whenever necessary.

Participants may update the data/information related to such an account, except for its code, the modification of which is not allowed by the system.

An customer account opened by the participant may be closed by this through the graphical interface of the computer application of the SaFIR system provided the following cumulative conditions are met:

- that account should not be subject to processing settlement instructions ;
- the account balance is zero.

By its own initiative, the SaFIR system administrator may close an account that ensures the *individual segregation of the customers* of a participant provided that the respective account records no position of financial instruments and that for at least one year no settlement instructions have been recorded, in this case this account being considered, as a consequence, an inactive account. The closure of such an account will be performed by the administrator of the SaFIR system only after the notification of the respective participant made in accordance with the provisions of section 22 - Notifications of this document. In the case during the next 30 business days from the date of the notification to the participant the account records no financial instruments positions and there are no settlement instructions in relation with the account, the system administrator will close the respective account.

4.2. Cash accounts

The settlement in RON of transactions in financial instruments is made in the participants' settlement accounts opened in ReGIS.

The settlement in EUR of DvP operations in financial instruments is performed in the TARGET accounts of the settlement banks indicated by the SaFIR participants (including reverse transactions – repo/reverse repo, sell-buy back/buy sell back).

The settlement in USD of transactions in financial instruments is performed via participants' correspondent accounts. In the case of the Ministry of Finance, the settlement of operations in foreign currency-denominated government securities is carried out via NBR.

The participants will settle in RON and EUR the funds relative to transactions in financial instruments within the system, via the settlement accounts opened in ReGIS or TARGET, accounts that can be opened on behalf of the respective participant or on behalf of a third party that acts on their behalf and is a ReGIS or a TARGET participant (its settlement bank).

4.2.1. Settlement ceiling

In the case of participants mentioned at section 2.1 who do not have a settlement account opened with ReGIS, the settlement in RON of funds relative to transactions in financial instruments will be made through a settlement bank. A SaFIR participant may have one settlement bank only

As for the participants mentioned in the prior paragraph, the system will manage settlement ceilings. A settlement ceiling is an amount to the limit of which the bank commits itself to settle within the ReGIS system the exchange value for the operations in financial instruments performed via SaFIR by a participant that does not hold a settlement account in ReGIS

The initial amount of the settlement ceiling is set at the beginning of each operating day by the settlement bank for each participant for which it acts in this capacity. In the absence of a notification from the settlement bank, the system will consider the settlement ceiling as zero.

The amount of the settlement ceiling is dynamically managed during the operating day, namely it increases by the exchange value for the financial instruments sold by the participant that does not hold a settlement account in ReGIS and decreases by the exchange value for the financial instruments it bought. Thus, the system manages the current value (the initial value of the settlement ceiling plus/minus the exchange value for the buying/selling operations finally settled in ReGIS) and the forecasted value of the settlement ceiling (the initial value of the settlement ceiling plus/minus the exchange value for the buying/selling operations finally settled in ReGIS,

minus the exchange value for the buying operations that have been initiated but have not been finally settled in ReGIS).

The values of the settlement ceiling are modified with each payment event, depending on the debit or credit position the participant holds in the settlement (on a net or gross basis) of the respective payment event.

If the exchange value for a buying operation exceeds the forecasted value of the settlement ceiling, the transaction is placed in the "Waiting Supplementary Funds" (WSF) queue.

By using the above-mentioned procedure, the system administrator provides adequate risk management. Therefore, the system cancels the instructions initiated by the participant that does not hold a settlement account in ReGIS if the respective instruction exceeds the forecasted amount of the settlement ceiling by the *Cutoff Time* established by the participants.

The settlement bank may modify the settlement ceiling during the operating day, in which case it will notify the system of any increase or decrease therein. The modification of the settlement ceiling by the settlement bank relates exclusively to the contractual relation between the settlement bank and the participant that does not hold a settlement account in ReGIS. The value of the ceiling cannot fall below zero.

5. Processing the operations in financial instruments in SaFIR

The system processes operations performed by participants in relation to the issuer (settlement of the primary market's outcomes, interest and/or coupon payments, partial/optional/total redemptions) and operations between participants on the secondary market (buying/selling transactions, financial collateral arrangements, repo arrangements, portfolio transfers).

5.1. Processing of operations performed by participants in relation to the Ministry of Finance

This category includes: settlement of results on the primary market, management of payment events and other operations.

5.1.1. Settlement of primary market results

The results of the placements made by the Ministry of Finance through its agent will be sent to the system after the completion of the initial placement as well as data on the government securities purchased by each primary dealer and its customers. The holdings will be detailed according to the structure and account codes used in the system and the government securities purchased by primary dealers will be differentiated as follows:

- on own behalf;
- on behalf of its customers which are not SaFIR participants; adjudicating on the clients' accounts will be reflected in the customer omnibus account opened with SaFIR on behalf of the participant, following that after the settlement of the primary market results, the participant will have the possibility to transfer these holdings to the individual client accounts;
- on behalf of secondary intermediaries and of banks or the central bodies of credit co-operatives that are not intermediaries.

After receiving the primary market results, the system will initiate the settlement process:

- on a net basis in the case of RON-denominated issues with subsequent settlement;
- on a gross basis in the case of foreign currency-denominated issues, RON-denominated issues with intraday settlement and special issues.

The settlement of results of the primary market for financial instruments other than government securities will be settled on a gross basis based on the data received from the administrator of the primary market concerned. The unsettled financial instruments will remain in the issuer account until the receipt of payment confirmation.

5.1.1.1. <u>*Settlement on a net basis*</u>

5.1.1.1.1. Calculation of multilateral net positions for settlement on a net basis

At the *beginning of the operating day*, based on the file containing the results of the public subscription/auction, including the early redemption or exchange operations, and based on the data provided by the system regarding the payment events to be processed, the system will proceed to:

- calculate the net positions relative to each participant as difference between:
    - the amount to be paid to the Ministry of Finance, by cumulating the amounts owed for each issue, where the settlement involves several issues;
    - the amount to be paid by the Ministry of Finance, by cumulating the amounts relative to the payment events with intraday settlement, including those related to the early redemptions operations.
- calculate the net positions relative to each settlement bank, by cumulating the net positions of the participants without a settlement account in ReGIS and of the settlement bank concerned. Each participant and each settlement bank will be notified of the net position, by means of an adequate file transfer message.

By participating in the public subscription or auction on behalf of their customers, the primary intermediaries commit themselves to settle the government securities subscribed and purchased on their behalf (direct customers, participants that hold an account with this system), the primary intermediary agreeing to the debiting of its account with the amounts owed. The participants that hold a settlement account in ReGIS are an exception to this principle. Although they access the primary market via a primary dealer, they settle funds relative to these operations directly in their own settlement account although.

5.1.1.1.2. Funds settlement

For RON-denominated government securities issues, with subsequent settlement, the settlement instructions for funds relative to primary market operations (public subscriptions/auctions) and for coupon/interest payments or redemptions will be introduced in ReGIS by SaFIR, in the form of instructions for settlement on a net basis. The system will introduce in ReGIS only instructions for settlement on a net basis that are covered from reserves in the settlement accounts of the participants assigned to SaFIR, in compliance with the *ReGIS System Rules*.

Therefore, after calculating the net positions of the participants and checking the value of settlement ceilings, SaFIR will send ReGIS instructions to reserve the necessary amounts in view of covering the net payment obligations, for the participants recording net debit positions. The instructions to reserve funds are sent to the settlement banks concerned. On the basis of instructions to reserve funds sent by the system, ReGIS will set up the reserve for the settlement

of SaFIR net instructions, for each participant, for which there are sufficient funds in the settlement account.

If funds available in the settlement accounts of the participants concerned are insufficient to cover the amount requested by the system, ReGIS, according to its own *Rules*, will proceed to reserve funds on an ongoing basis until the requested amount is reserved or, as appropriate, until the *Cutoff Time* set by SaFIR.

In the first case, after the confirmation of funds reservation, SaFIR will send ReGIS the instruction for settlement on a net basis via the appropriate inter-system standard message.

In the second case, if there are insufficient funds available in the settlement account, respectively if until the *Cutoff Time* set by the system for setting up reserves, the reserve in the participant's account does not cover its net debit position, the system will recalculate the net debit position of the participant starting from the amounts already reserved by ReGIS and will send a payment instruction describing the multilateral net position of the participants, calculated as follows:

- The Ministry of Finance will pay, with priority, the obligations relative to payment events;
- Where a certain participant purchases securities from several issues, the system will try to settle as large a volume of securities as possible, trying to settle in full at least one issue;
- The partial settlement for early redemption and exchange operations is not allowed at the level of the account of financial instruments (the "*All or Nothing*" principle will be applied in the sense that either all the financial instruments in that account are settled, or, if this is not possible, none are settled);
- The transactions performed by the participants without a settlement account in ReGIS will be assigned a higher priority than to those performed by the corresponding settlement banks;
- In the case of banks that are primary dealers, the system will try to settle transactions relative to customer accounts before transactions relative to holding accounts in own name;
- Where a primary dealer acts as a settlement bank for a single brokerage company, the system will perform the settlement in the following order of priority: customer account of the brokerage company, followed by the holding accounts in own name of the

brokerage company and the customer account of the primary dealer and finally the holding accounts in own name of the primary dealer;

- In the case of primary dealers acting as settlement banks for several brokerage companies, the system will perform the settlement in the following order of priority: all their customer accounts, then the holding accounts in own name of the brokerage companies, afterwards the customer account of the primary dealer and finally the holding accounts in own name of the primary dealer;
- If there are not sufficient funds in order to make all settlements, the system will try to settle as large a volume of securities as possible, observing the same order of priority.

The government securities excluded from the multilateral net position of the participant will be settled on a gross basis (section 5.1.1.2).

The system will notify the participants and the Ministry of Finance of the new net position and of the transactions to be settled on a gross basis, via *RCI-IPF network*, immediately after the calculation of its new multilateral net position.

5.1.1.1.3. Settlement of government securities

In order to observe the Delivery versus Payment (DvP) principle, the debiting of fund accounts mentioned before will be accompanied by the crediting of the book-entry account of government securities of the primary dealer, with the purchased/subscribed government securities. Thus, the government securities issued are transferred from the account of the Ministry of Finance to the primary dealer's own accounts, dealer accounts and clients accounts.

In the case of exchange operations for RON denominated government securities performed through an auction, the debiting of the primary dealers' securities accounts (corresponding to the early redemption) and debiting their funds accounts, will be accompanied by crediting the primary dealers' securities accounts (corresponding to the issue of new securities). Thus, in SaFIR, the repurchased securities are transferred from the primary dealers' accounts to the Ministry of Finance's securities account, and the adjudicated securities are transferred from the Ministry of Finance's account to the corresponding accounts of the primary dealers.

Once the transfer of property is completed, government securities holdings in dealer accounts are automatically transferred to the system, in the form of Free of Payment (FoP) transfers, in the own holding accounts of the participants concerned.

The unsettled government securities will remain in the account of the Ministry of Finance until the payment is confirmed.

In the case that the securities intended for early redemption operations, including for exchange securities operations, are held in the individual accounts of clients, the participants are required to transfer them to the omnibus account through Free of Payment (FoP) operations. The transfer will take place after the holdings of each participant entitled to early redemption or exchange are determined by the system on the reference date (RD), which must be prior to the payment date (PD), and the settlement will be made in accordance with the provisions stipulated in the section 5.1.2.1. of the present document. Following the settlement of the exchange transactions, the participants whose clients have segregated accounts and have been awarded financial instruments have the obligation to transfer the respective financial instruments to the clients' individual accounts, using Free of Payment (FoP) operations.

5.1.1.2. *Settlement on a gross basis*

All primary market operations related to issues of foreign currency-denominated government securities, RON-denominated government securities with intraday settlement, issues of certificates of deposit and the special issues denominated in RON or in foreign currency will be settled on a gross basis.

The operations excluded from the multilateral net position calculated by the system will be settled on a gross basis. Therefore, for each participant with excluded operations, the system will generate DvP transactions that will be held in the "Waiting (for) Funds Confirmation" (WFC) queue until there are sufficient funds to perform the settlement.

The operations that are excluded from multilateral net positions and are unsettled by the *Lombard Service Cutoff Time* will not be cancelled, the system attempting to execute the processing on the following day.

If a payment instruction related to the settlement of an auction/subscription is rejected from ReGIS on grounds that the participant's account is blocked, the instruction is placed in the "Waiting (for) Funds Confirmation" (WFC) queue and can be manually resent by the system administrator. The transaction remains in the queue until it is settled.

5.1.1.2.1. Settlement of foreign currency-denominated government securities

In the case of foreign currency-denominated government securities, the transfer procedure for the primary market results is the same as that shown in section 5.1.1.

Following the transfer of the primary market results, the system notify the participants that have purchased government securities from the respective issue on the foreign currency amount they have to pay to the Ministry of Finance by the settlement date (D=T+n, where T stands for the subscription or auction date, D for the settlement date and n the number of days from T to D) and informs NBR, as a paying agent, regarding all the payments that are to be made by the participants to the Ministry of Finance (see the *User guide for payment messages by means of the RCI-IPF network, for the interface with the Market Operations Department – NBR*).

The transactions relative to the primary market for foreign currency-denominated government securities are settled on a gross basis, without funds clearing. The funds transfer relative to such transactions is made via correspondent banks.

The property transfer of foreign currency-denominated government securities will be performed in compliance with the provisions of section 5.1.1.1.3.

The transactions relative to the primary market results will be placed by the system in the "Waiting (for) Deferred Start" (WDS) queue, immediately after the receipt and processing of the primary market results.

At the *Start of Day* on the settlement date (D = T + n), the system registers the total value of the issue both as a debit in the issuer account of the Ministry of Finance and as a credit in the investor account of the Ministry of Finance and initiates DvP transactions between the investor account of the Ministry of Finance and the buying (buyer) bank (intermediary).

According to the DvP principle, the system will carry out the transfer of property over the government securities purchased only after the National Bank of Romania, in its capacity as settlement bank of the Ministry of Finance, confirms the receipt of the exchange value for the government securities issued.

Until the receipt of payment confirmation for each participant involved, the system will hold the transaction in the "Waiting (for) Funds Confirmation" (WFC) queue.

The unsettled government securities will remain in the investor account (0) of the Ministry of Finance until completion of settlement, according to the above-mentioned procedure.

5.1.1.2.2. Settlement of certificates of deposit

The settlement of certificate of deposit issues is performed on a gross basis according to the settlement procedure for RON placements with subsequent settlement date, provided for in section 5.1.1.1 – Settlement on a net basis, with the following particularities:

- the system will settle on a gross basis the transactions between issuer and participants, without requesting ReGIS to set up reserves from the settlement account of the participants;
- the transactions will be assigned the same settlement priority in ReGIS as the DvP transactions resulting from the exclusion from the multilateral net positions in the case of issues that are settled on a net basis.

5.1.1.2.3. RON-denominated government securities issues with settlement on the placement date

The settlement of issues whose settlement date is the same as the placement date will be performed on a gross basis, according to the settlement procedure for RON placements with subsequent settlement date, provided for in section 5.1.1.1 – Settlement on a net basis, with the following exceptions:

- the settlement procedure will be initiated immediately after the transfer of primary market results;
- the system will settle on a gross basis the transactions between issuer and participants, without requesting ReGIS to set up reserves from the settlement account of the participants;
- the transactions will be assigned the same settlement priority in ReGIS as the DvP transactions resulting from the exclusion from the multilateral net positions in the case of issues that are settled on a net basis.

In case a payment instruction relative to the settlement of a subscription/auction is rejected by ReGIS on the grounds that the account of the participant concerned is blocked, the instruction is placed in the “Waiting (for) Funds Confirmation” (WFC) queue and may be manually resent by the system administrator. The transaction remains in the waiting queue until its settlement is completed.

5.1.2. Management of payment events

The payment events managed by the system are:

- coupon/interest payments and partial/total redemptions;
- early redemption (including exchange).

The settlement of payment events for RON-denominated issues may be performed on a net basis (if several payment events and/or one or several results of the auction/subscription for government securities are to be settled on the payment date) or on a gross basis (in the case of payment events relative to issues of certificate of deposit, foreign currency-denominated issues and if the settlement of other payment events and/or of the primary market results are performed on payment day).

The settlement of payment events for foreign currency-denominated issues is performed on a gross basis.

Within the meaning of this section:

- Payment date (PD) means the due date for the coupon/interest payments, partial/optional/total redemptions of financial instruments (in compliance with the provisions of the issue prospectus or special laws);
- Coupon/interest date means the final date of the coupon/interest period, date until which the interest accrues;
- Reference date (RD) means the date at which participants' holdings are set which will be taken into account in calculating the amounts to be paid by the issuer to the participants. In the case of coupon/interest payments or partial redemptions of RON-denominated issues, RD is one day prior to PD. In the case of foreign currency-denominated financial instruments, RD is 3 days prior to PD. The moment when the holders benefiting from the results of the payment events' settlement are set is the end of the reference day.

The assessment of financial instruments held on reference date (coupon/interest payments, redemptions) will be made according to the formulas described in the issue prospectus.

5.1.2.1. *Coupon/interest payments and redemptions*

Regardless of the denomination currency of the issue, the settlement of such payment event is announced to all participants 7 days in advance (PD-7), via an adequate SWIFT message.

The amounts owed by the issuer to investors are computed at the system level and reconciled with the issuer 2 days prior to payment date (PD-2) for RON-denominated issues and 3 days prior to payment date (PD-3) for foreign currency-denominated issues (see the *User guide for payment messages by means of the RCI-IPF network, for the interface with the issuer*).

No reconciliation is performed relative to the issues of certificates of deposit.

According to the timetable in Appendix 7 to the present document, on reference date (RD), the system sets the holdings for each participant entitled to interest/coupon payments or partial/total redemptions

In the cases of early redemptions (including exchange operations) participants are not notified via SWIFT messages and the reconciliation will not be done

For *foreign currency-denominated issues*, the settlement of funds relative to payment events is initiated on the operating day consecutive the reference day (RD+1), through a file sent by the issuer's settlement bank. The file includes data necessary to effect the payment, including the amounts to be paid to the participants established on reference day (RD). The payment confirmation is sent to the system by the settlement bank of the issuer.

For *RON-denominated issues*, the settlement of funds relative to payment events and to early redemption operations is initiated by SaFIR in ReGIS, on payment day, as a net position, calculated according to section 5.1.1.1.1. or in the form of instructions on a gross basis.

After the receipt of payment confirmation, the system notifies the participants on the completion of the process, via an adequate SWIFT message as well as the issuer, via an adequate file.

For *partial redemptions*, on payment date, the system adjusts the holdings according to the partial redemption percentage specified in the prospectus.

For *total redemptions* and *early redemptions*, on payment date, after the receipt of payment confirmation from ReGIS (in the case of RON-denominated financial instruments) or from the issuer or its agent (in the case of foreign currency-denominated financial instruments), the

system debits the participants' book-entry accounts and credits the issuer account with the redeemed financial instruments.

With the exception of interest/coupon payments and early redemptions, during the period elapsed between the moment of establishing the holders and the moment of the final settlement of the payment instruction, the issues concerned are suspended from trading.

During holidays or non-working days for the Ministry of Finance, when the Ministry of Finance will not make payments related to government securities, the payment will be made on the next working day. The concerned government securities will remain blocked on the accounts of SaFIR participants until the date of payment by the Ministry of Finance.

5.1.3. Repo agreements

Pursuant to the legislation in force, the Ministry of Finance may, apart from the operations it performs on the primary market for government securities in its capacity as issuer, has the right to conclude repo agreements with the participants on the secondary market. Such agreements will be settled according to the provisions of section 5.2.4.1, directly from the Ministry of Finance's investor account, without affecting the total value of securities issues outstanding.

5.2. Processing of operations between the participants and/or their customers

Within SaFIR, the following types of operations between the participants and/or their customers are processed:

- sale/purchase operations;
- Free of Payment (FoP) transfers;
- repo/reverse repo operations (repo agreements);
- operations related to financial collateral arrangements.

5.2.1. Processing of payment instructions within the system

The settlement instructions processed within the system are sent by the participants to the system via one of the communication means mentioned in section 9 of the present *Rules*.

The stages of payment instruction processing within the system are as follows:

1. sending messages by the participants;

2. validation of received messages;

3. matching process;

4. checking the availability of the financial instruments in the book-entry account and their reservation in view of settlement;

5. settlement of settlement instructions within the system;

6. sending notifications either to confirm performance of the final settlement or to abort participants' settlement instructions.

5.2.1.1. *Sending messages by the participants*

The processing of settlement instructions within SaFIR relies on the dual notification principle, which means that both participants involved in a transaction will send standard format messages to the system, in compliance with the system documentation.

As an exception to the dual notification principle, the following operations may be initiated unilaterally, by sending one single SWIFT message:

- intraday repo operations with the central bank;
- registration of pledges for the lending facility (Lombard credit), for the settlement of positions within the payment systems that ensure the clearing of funds, including those relative to operations in financial instruments and the pledges between a participant and its own customers or between the customers of the same participant;
- pledge execution by appropriation;
- release of pledge before the collateral arrangement reaches maturity;
- cancellation of step two of a reverse sale/purchase transaction concluded on the basis of the *Global Master Repurchase Agreement (GMRA) Protocol for reverse sale/purchase transactions in government securities – GMRA (Repo-MRA operation)*. This option is applicable, according to the contract between the parties, if the counterparty to the transaction is unable to fulfill its contractual obligations.

The following operations can be initiated both unilaterally and bilaterally:

- Selling or buying operations between a participant and its own customers, as well as operations between customers of the same participant;
- Realignment of positions resulting from transactions in other markets, between own account and that of customers, in the case of central depositories of financial instruments;
- Pledge execution by sale, if the buyer and the beneficiary of the pledge have an account opened with the same intermediary (own account or customer account).

The system does not accept instructions sent outside the time interval lapsed between the moment of start and the established Cutoff Time, the details relative to the different services being included in the SaFIR Operating program presented in Appendix 7 to the present document.

5.2.1.2. *Validation of mesages*

Each payment instruction received by the system will be subject to validation, consisting in the checking of field formats (syntax), their content and the relations between them (context). The messages containing errors are rejected and each participant is notified about the reason and/or reasons of the rejection, via the SWIFT message, in compliance with the system documentation.

For the operations that do not require dual notification, after the validation, the system will identify the transaction on which the instruction relies on by assigning a single identification number. In these cases, the moment of assigning the single identification number represents the moment of entry into the system, within the meaning of Art. 3, Par. (4) of *Law No. 253/2004*.

5.2.1.3. *Matching process*

All the instructions validated by the system that require double notification go through the matching process, by which the system performs the comparison of the instructions in order to identify the existence of a transaction.

The fields and data subject to comparison are described in the system documentation, only margins of tolerance for the settlement value being accepted. In the case of EUR settlement instructions, the tolerance level shall be EUR 2 for instructions with a maximum settlement amount of EUR 100 000 and EUR 25 for instructions with a settlement amount of more than EUR

100 000. In the case of settlement instructions in other currencies (RON and USD), the tolerance level is equal to the equivalent amounts calculated on the basis of the ECB's official exchange rate on the 1st of January of the current year.

The messages received and validated by the system are held in the "Waiting for Matching" (WFM) queue (see section 7.1) and are checked on a permanent basis for matching purposes. The process of identifying the matching instruction ceases when a revocation instruction is received from the participant or at the Cutoff Time set by the participant and the participant is notified. During the operating day, the participants may inquire the system relative to the status of the messages held in the "Waiting for Matching" (WFM) queue.

After the matching process, the system identifies the transaction on which the instructions are relying on by assigning a single identification number (see Appendix 8). The moment of assigning a single identification number is the moment of entry into the system in compliance with art. 3, para (4) of *Law No. 253/2004*.

5.2.1.4. *Checking the availability of financial instruments in the book-entry account and their reservation for settlement*

If there are not sufficient available financial instruments, the transaction is entered in the "Waiting for Securities" (WFS) queue managed in compliance with provisions of section 7.2. The pledge registration operations and intraday repo operations performed between the participants in relation with the central bank, for which the system cancel the transactions, are exempt.

For operations requiring funds settlement, financial instruments will be reserved until the system receives the funds settlement confirmation or until the transaction cancellation.

In the case of pledge registration operations, the moment of reservation coincides with the moment of settlement, by the registration of the pledge. Pledges lodged with the purpose of taking a Lombard credit (pledge scope code 200), when the moment of reservation coincides with the moment of message validation, with the pledge being registered after the start of the *Lombard Service*, are exempt.

5.2.1.5. *Settlement of instructions within the system*

This stage takes account of the type of operation, as follows:

a. In the case of Free of Payment (FoP) operations, the system transfers the financial instruments immediately after their reservation;

b. In the case of Delivery versus Payment (DvP) operations, the system operates differently depending on the settlement currency:

   i. For RON-settled operations, the system initiates the funds settlement by sending a funds settlement confirmation request, either to ReGIS (where each of the participants involved holds a settlement account with ReGIS) or to the settlement bank (if the participants have the same settlement bank).

   ii. For EUR-settled operations, the system initiates the funds settlement, sending a settlement instruction to TARGET. The instruction will be automatically generated based on the messages received from participants and will include the Cutoff Time for funds settlement, which will be the Cutoff Time of the *Free of Payment (FoP) Service*.

   iii. For USD-settled operations, the funds settlement is initiated directly by the buyer.

After receiving the funds settlement confirmation, SaFIR system accepts for settlement the respective operation (moment at which it becomes irrevocable) and proceeds to making the transfer of financial instruments, completing their settlement.

5.2.1.6. *Delivering notifications to confirm the final settlement or the cancellation of participants' unsettled instructions*

If the transaction was settled, the system delivers to the participants concerned notifications to confirm the settlement.

The RON- or EUR-settled Delivery versus Payment (DvP) operations for which the system has not received the funds settlement confirmation notifications from ReGIS, from the settlement bank (as the case may be) or from TARGET will stay in the "Waiting (for) Funds Confirmation" (WFC)

queue until the *Lombard Service Cutoff Time* or the *Free of Payment (FoP) Service Cutoff Time*, when the funds settlement is confirmed or the funds settlement instruction is cancelled.

The USD-settled Delivery versus Payment (DvP) operations will stay in the "Waiting (for) Funds Confirmation" (WFC) queue until the selling participant sends the funds settlement confirmation or until their cancellation by the system.

5.2.2. Sale/purchase operations

In the case of sale/purchase operations, securities and funds transfer is performed in accordance with the Delivery versus Payment principle.

The dual notification, validation and matching of instructions as well as securities reservation are carried out as described in section 5.2.1 from the present document.

5.2.2.1. *Settlement in RON of sale/purchase operations*

If the buyer has a settlement account opened in ReGIS, the system checks the availability of the financial instruments involved in the respective transaction, performs their reservation in the seller's account and initiates a settlement instruction in ReGIS. Where the buyer has not opened a settlement account in ReGIS, the participant's settlement ceiling is checked prior to carrying out the funds transfer (see section 4.2.1)

Once ReGIS has confirmed the funds settlement, SaFIR performs the ownership transfer and notifies the parties on the completion of the transaction.

If the seller has no settlement account in ReGIS, its settlement ceiling increases by the value of the transaction-related funds; conversely, if the buyer has no settlement account in ReGIS, its settlement ceiling decreases by the value of the transaction-related funds.

Any instructions sent to ReGIS and not confirmed by the *Cutoff Time* (as set by participants or defined as such for the *Lombard Service*) are recycled by the system, in accordance with section 6.1.4.

If funds have already been settled in ReGIS prior to receiving the cancellation message, SaFIR will process the operation after receiving a confirmation from ReGIS, for the purpose of final settlement.

If SaFIR receives a confirmation from ReGIS that the payment has been cancelled:

a) it will raise the buyer's settlement ceiling by the transaction-related amount (if applicable);

b) it will unblock the financial instruments;

c) it will cancel the transaction;

d) it will send cancellation notifications to both parties involved in the transaction.

5.2.2.2. *Settlement in foreign currency of sale/purchase operations*

The settlement in foreign currency of sale/purchase operations is processed according to section 5.2.1 from the following document, with the following specifics:

- participants may agree upon a settlement period, during which the initiated transaction is valid and may be settled, as per the agreed terms and conditions communicated to the system (except EUR settlement);
- after reservation of the financial instruments, the system communicates to the parties the single reference number assigned to the transaction (except EUR settlement);
- the seller confirms that the payment has been effected through an adequate SWIFT message, which includes the above-mentioned single reference number; the confirmation message of the EUR payment will be sent directly from TARGET;
- until payment confirmation, the system holds the transaction in the "Waiting (for) Funds Confirmation" (WFC) queue (see section 7.3);
- for EUR, where funds have not been settled by the Cutoff Time as set out in the funds settlement message sent to TARGET, the ongoing settlement instructions enter the recycling process, according to section 6.1.4; where funds have been settled, the system will receive the confirmation message from TARGET;
- for USD, if the system does not receive the confirmation by the *Cutoff Time* (as set by participants or defined as such for the *Free of Payment (FoP) Service*) and the settlement period has not ended, the transaction is held in the adequate waiting queue, financial instruments remain under reservation, while all operations are automatically activated at the start of the following operating day; if the system does

not receive the confirmation by the *Cutoff Time* (as set by participants or defined as such for the *Free of Payment (FoP) Service*) and the settlement period has ended, the ongoing settlement instructions enter the recycling process, according to section 6.1.4.

Since ownership transfer occurs solely after confirmation of payment, the amounts resulting from any payment events occurring during the settlement period are transferred between the parties outside the system, in compliance with the applicable regulations.

5.2.3. Free of Payment transfers

For the types of transactions mentioned in section 1.4.2, the system processes the transfer of financial instruments without any funds transfer, according to section 5.2.1, taking into consideration the following:

- in the case of transactions between a participant and its customers or between the customers of the same participant, since the financial instruments are transferred among the same participant's accounts, the participant concerned is required to send either a single SWIFT message that doesn't require matching instruction or two SWIFT messages that require instruction matching (see the system documentation);
- in the case of sale/purchase transactions between a participant without a settlement account in ReGIS and its settlement bank, or between two participants without a settlement account in ReGIS having the same settlement bank, the transfer of financial instruments occurs without any funds transfers in ReGIS, requiring however that the settlement ceiling of the participant without a settlement account in ReGIS be properly checked and updated;
- Any transaction whereby a participant's own portfolio or the portfolio of a participant's customer is transferred to another participant requires two SWIFT messages (see the system documentation); in this case, the system will maintain the status of the pledged financial instruments that are part of the transferred portfolio. By exception from the rule of sending two SWIFT messages, the transfer of the pledge beneficiary requires solely the notification of the system administrator, which will operate the relevant system changes (no message required);

- In the case of transactions involving the transfer of securities between accounts opened with two depositories, the updating of positions at SaFIR's level will be done by a FoP transaction between the local custodians of the respective depositories, performed by two specific SWIFT messages (see the system documentation).

5.2.4. Reversible operations

A reversible operation is based on an arrangement concluded between two parties whereby one of the parties sells a financial instrument to the other party and commits to repurchase it at an established date and at an agreed price. In fact, this operation is a loan collateralized with financial instruments, which is performed in two steps, as follows:

- step one: financial instruments sale/purchase operation;
- step two: reversible operation (financial instruments repurchase/sale).

The reversible operations processed within SaFIR system are:

- Term repo/reverse repo;
- Sell/buy back and buy/sell back contracte.

Sell/buy back and buy/sell back reverse transactions are processed within the system in a similar way to repo transactions.

5.2.4.1. *Repo operations*

A repo/reverse repo operation (repo agreement) can be performed within one day (repo intraday) or within a time period longer than one operating day.

The system processes such operations by taking into account the following:

- sale/buy reverse operations in financial instruments are not accepted in the system if during the time period between the settlement of step one and that of step two, the financial instruments involved in the operation are subject to full redemption;
- where the settlement date of step two is a non-operating day, the settlement will be made on the next operating day, at the opening of the respective service. For EUR settlement, where the settlement date of step two is a non-operating day for TARGET, SaFIR will initiate the funds settlement on the next operating day. Any compensation

payment between participants, which may arise from this cause, will be performed outside the system;

- if during the time period between the settlement of step one and that of step two, payment events (coupon/interest payment, redemptions) take place, the resulting funds will be transferred to the holder registered on the reference date (RD); any compensation between parties is to be agreed and processed outside the system.

5.2.4.1.1. Term repo agreements (including intraday repo)

Term repo agreements within the system are processed in five steps, as follows: sending the messages (notification), validation and matching, settlement of step one, registration of information for automated initiation of step two, and settlement of step two.

The settlement in foreign currency of sale (step one) and repurchase (step two) operations related to repo agreements is processed similarly to RON settlement of the same types of repo operations except that funds settlement of step one and step two is not performed via ReGIS, but via TARGET (for EUR settlements) and via correspondent banks (for USD settlements).

Participants agree upon the period length during which they accept to settle step two of the transaction.

The settlement period for step one may not be longer than the period between the settlement of step one and that of step two of the repo transaction.

For the operations concluded on the basis of the *Global Master Repurchase Agreement (GMRA) Protocol for reverse sale/purchase transactions in government securities* – GMRA (Repo-MRA operation), the system will allow the cancellation of step two both bilaterally (double notification / identification of the matching instruction) and unilaterally, upon request of any of the parties, by sending a single SWIFT message to the system (option applicable under the contract between the parties involved, if the counterparty to the transaction is unable to fulfill its contractual obligations), sending notifications to both parties involved.

5.2.4.1.2. Settlement of repo operations (agreements)

Settlement of sell/buy reversible operations complies with the provisions of section 5.2.1 hereof. Thus, validation and matching of messages is performed in the same manner as that used for DvP

transactions (see sections 5.2.1.2 and 5.2.1.3 of the present document), except for intraday repo operations with NBR that do not require matching.

The system processes the reservation of financial instruments and the settlement of step one of the repo agreement, in accordance with the provisions of sections 5.2.1.4 and 5.2.1.5. As an exception, intraday repo operations between participants and NBR are immediately rejected if there are not enough financial instruments available in the deliverer's account (instructions are not held in the waiting queue).

After the settlement of the first step, the information required for the automated initiation of the second step are registered in the form of a transaction in the "Waiting Deferred Start" (WDS) queue.

Participants involved in a repo agreement may agree to delay or to start earlier the conclusion of the agreement by changing the settlement day of step two. Postponing the date of step two settlement for a repo agreement is made by sending two SWIFT messages to the system, similar to the initial ones. These will include the new redemption date of the financial instruments and a link field to the contract that changes.

The early conclusion of a repo agreement is made by sending the request with the date on which the conclusion of the agreement is desired.

The system automatically initiates settlement of step two of a repo operation, on the day and at the time laid down in the agreement. Checking for the availability of financial instruments, their reservation and the settlement of step two of a repo operation are processed similarly to step one, with the exception that step two is automatically initiated by the system after the first step is settled.

When one of the participants cannot fulfill its obligations relating to step two of the repo agreement and the transaction fails to be settled until the end of the expected settlement date, the second step will be recycled if it is in the recycling period, in accordance with section 6.1.4. or, otherwise, it will be canceled automatically. In case of non-payment, the parties involved in the transaction will resolve the dispute outside the system.

5.2.4.1.3. Replacement of financial instruments in a repo agreement

During the time period between step one and step two of an operation under a repo agreement, the parties may agree to replace (in whole or in part) the financial instruments in the initial

agreement with alternate financial instruments. This is known as a *delivery versus delivery* operation.

Both participants will require the replacement of financial instruments in a repo agreement, the earliest after step one settlement and the latest on the day prior to that established for the settlement of step two, without changing the reference number of the operation (number of repo agreement).

In this regard, in accordance with the provisions of the system documentation, every participant sends two SWIFT messages, correlated together, a message related to the operation of returning the financial instruments in the initial agreement and a message related to the operation of delivering the new financial instruments.

Validation and matching of instructions are performed in accordance with sections 5.2.1.2 and 5.2.1.3 of the present *Rules*, with validated instructions being kept in the "Waiting for Matching" (WFM) queue until the system receives and ensures the matching for the four messages needed for the replacement. The instructions in the "Waiting for Matching" (WFM) queue are steadily checked in order to perform the matching. If the matching is not performed until the *Cutoff Time* (set by participants or relating to the *Free of Payment (FoP) Service*), the system will recycle the instructions until the process of matching instructions takes place or until the instructions are canceled.

The system processes the transactions thus created as two different Free of Payment (FoP) operations, which are however executed together. Thus, for the settlement of the two operations, both the instruments to be returned by the initial buyer and the instruments to be delivered by the initial seller must be reserved. After completing the operation, the system notifies the parties in accordance with the provisions of the system documentation.

5.2.4.1.4. Margin calls

The participants involved in a repo agreement may, during the agreement period, agree to resort, as appropriate, to margin calls, in accordance with the terms and conditions of the agreement, by decreasing or increasing the amount of financial instruments subject to the agreement and/or requesting additional funds.

A margin call is a request for funds or financial instruments (pledges), following the revaluation of financial instruments in the agreement (mark-to-market). During the repo agreement, several

margin calls can be resorted to. Should the market value of those financial instruments be lower than a certain level, the buyer may resort to an additional margin. Should the market value of those financial instruments increase, the buyer may resort to the margin.

Margin calls notified to the system refer solely to the transfer of financial instruments, as the transfer of margins in the form of funds takes place outside the system.

In accordance with the agreed-upon contractual provisions, the margin established in the form of financial instruments may be part of the same issue or of an issue different from that initially used in the agreement.

The system processes a margin call provided that every participant involved in the repo agreement sends a new Free of Payment (FoP) transfer instruction, as follows:

- the adequate SWIFT message sent by the participant exposed to risk (see the system documentation);
- the adequate SWIFT message sent by the participant's counterparty (*see the* system documentation).

Data referring to step two of the repo agreement are not affected by margin calls. The system does not initiate the returning of transferred financial instruments following a margin call, as the parties are responsible for the separate returning of margins in the form of funds or financial instruments.

Margin call operations related to repo agreements concluded on the basis of the *Global Master Repurchase Agreement (GMRA) Protocol* are registered in the system without mentioning the number of the repo agreement.

5.2.4.2. *Intraday operations for liquidity supply (intraday credit)*

Eligible credit institutions may apply to the intraday liquidity facility - intraday credit - granted by the central bank, in compliance with the provisions of *NBR Regulation No. 9/2020 on the settlement risk management and the facilities provided by the National Bank of Romania for settlement fluidization in ReGIS system*.

The system processes intraday reverse sale/purchase (intraday repo) operations taking into account the following aspects:

- intraday repo/reverse repo operations settled in foreign currency are not accepted in the system;
- the participants eligible to conclude repo agreements with NBR. Intraday repo operations between participants and NBR are allowed to be performed only in eligible financial instruments agreed by NBR, as participants may visualize the eligible issues in the system. Such operations are settled on the basis of one SWIFT message initiated by the participant that requires liquidity (see the system documentation);
- in the case of repo intraday operations, the substitution of the financial instruments involved is not allowed.

For the intraday liquidity facility (intraday repo), if the participant fails to make the reimbursement by the end of day because of the lack of liquidity, the participant may opt for the automatic conversion of intraday liquidity facility (intraday repo) into the standing lending facility (Lombard credit).

An intraday repo loan is eligible for conversion to Lombard credit if it meets cumulatively the following conditions:

- no time limit for the second step;
- market value of instruments used for this operation minus haircut value and Lombard interest must be higher than or equal to that applied to a Lombard credit;
- the maturity of securities/coupons is longer than the Lombard credit maturity (T+4).

In order to convert an eligible intraday repo into a Lombard credit, the participant's users will access the SaFIR system where, based on digital signature, one user will initiate and the other will approve the Lombard credit conversion option.

Conditions on registration of the pledge for the Lombard credit when an intraday repo is converted into a Lombard credit, with or without additional funds and the release of financial instruments used as collateral for a Lombard credit, are described in section 5.2.5.5.

5.2.5. Pledge agreements

According to the prevailing laws, financial instruments can be used as collateral for guaranteeing some financial obligations assumed by the participants and their customers. Pledges with collateralized financial instruments are directly recognized in the pledger's account in the SaFIR

system (pledge without seizure) differentiated by purpose (by the guaranteed obligation). Such recognition of securities as pledged will lead to reduction in the amount of financial instruments available for trading in the account of the respective participant.

According to the parties involved, the pledge agreements registered within SaFIR are subject to either the provisions of *Ordinance No. 9/2004 on certain financial collateral arrangements*, approved as amended and supplemented by *Law No. 222/2004* as subsequently amended and supplemented or those applicable to the mortgage, as set forth in the *Civil Code* and *Law No. 71/2011 on the implementation of Law No. 287/2009 on the Civil Code*.

Thus, for all the agreements concluded between two parties belonging to the mentioned categories, as defined in Art. 3 of *Government Ordinance No. 9/2004*, the establishment, validity, execution or admission as evidence of those guarantees are not conditional upon the fulfillment of any formality. The guarantees are executed following a mere notification from the pledgee, in accordance with the provisions of the present document.

All participants in the system are financial institutions (see section 2.1.1). There are also certain categories of customers of the participants, that are financial institutions and may be included in a pledge agreement. The agreements concluded between these categories are protected by the provisions of *Government Ordinance No. 9/2004*. Any pledges made by the participants in order to guarantee the settlement of net positions pertaining to payments systems ensuring funds clearing, including those pertaining to the operations in financial instruments or calculated by a clearing house, are protected by the provisions of the above-mentioned Ordinance.

Where one of the parties does not fall within one of the categories defined in Art. 3 of *Government Ordinance No. 9/2004*, the financial pledge arrangements are governed by the provisions applicable to the collateral of the *Civil Code* and *Civil Procedure Code*, both with respect to the setting-up, modification and execution of financial instruments that are subject to a pledge agreement.

Participants that send the instructions to the system ensure that the conditions for the validity and the formalities regarding the conclusion of the collateral agreements laid down by the law are fulfilled.

The system records and processes differently the execution of pledge agreements, depending on their type, based on the messages sent via SWIFT (participants will assign codes to the various

agreements under protection, as well as to those unprotected by the provisions of *Ordinance No. 9/2004*).

The system administers and records pledges:

- with financial instruments denominated in both domestic and foreign currencies;
- for any multiple of the nominal value of a financial instrument, to the limit of the value of the financial instruments held, on condition that all the issues used under the respective agreement are denominated in the same currency. Exempt from this condition are pledges established in order to guarantee the settlement of net positions pertaining to payments systems ensuring funds clearing or those securing the Lombard credit, whose value can be made up of the market value of the RON- and foreign currency-denominated financial instruments at the exchange rate published by the NBR on the previous day. The values of financial instruments accepted for pledges registered in favor of the National Bank of Romania are rendered in the "List of the eligible financial instruments for operations with the NBR" report;
- for several issues, on condition that the financial instruments pertaining to all the respective issues are available.

The system allows the registration of a pledge with financial instruments relating to some issues whose redemption date precedes the maturity date under the pledge agreement. In such cases, the parties are responsible for replacing the financial instruments before the issue reaches maturity, in accordance with the provisions of section 5.2.5.2.1. The potential clearings between the parties will be performed outside the system.

The parties may agree on a certain moment on the operating day when the pledged financial instruments should be released. This moment will be notified to the system through a SWIFT message for establishing the guarantee, depending on which the procedure for releasing the pledge is to be initiated.

The details referring to the pledge agreement (including one of the originals or a copy of the agreement) will be retained by the participant that will send to the system, for being recorded, only the information regarding the following: number of the pledge agreement, ISIN code of the issue, the concerned account, the amount of pledged financial instruments, and the period of the pledge.

In the case of the participants Romanian legal entities and those from the European Economic Area, the validity, opposability and protection in case of insolvency or execution of financial collateral, as mentioned previously, is warranted by *Law No. 253/2004* and *Ordinance No. 9/2004*.

The system manages pledge agreements concluded between two participants, between one participant and one of its customers or of other participant, between two customers of two different participants or of the same participant, as well as the pledges made by participants in favor of the NBR which are intended for guaranteeing the settlement in net settlement systems.

A participant may record financial pledges in favor of NBR on financial instruments considered eligible by NBR in order to warrant the settlement of its debtor position relating to a net instruction within a net settlement system, if it is stipulated by the *Rules* of the respective net settlement system and in compliance with the applicable provisions in *ReGIS System Rules* and with the provisions of present document. Exceptions to this rule are net-based settlement systems that process instant payments, in which participants can only provide collateral in the form of funds in the ReGIS settlement account.

The recording by the system of such pledges is not allowed for the issues that are due to be subject to optional, partial or full redemption before the pledge agreement reaches the maturity date, which must not be subsequent to the maturity date of the issue which comprises the pledged financial instruments

By accepting the present document, participants authorize the SaFIR system to:

- provide the net settlement system, whose net settlement instruction is pledged, with information on the value of pledges relating to the settlement in that particular system, for every participant, in order to allow the net settlement system to calculate a guarantee ceiling prior to accepting the settlement instruction;
- automatically block the pledged financial instruments in favor of the respective system, after having received a request for authorization and if the net settlement system *Rules* so provide, warranting and allowing immediate settlement of net positions, once the net instruction is accepted for settlement;
- execute these pledges upon notification from ReGIS if insufficient funds are available for the settlement of the net instruction of the net settlement system, in the settlement account of ReGIS or in the reserve destined to the respective system from

the settlement account of ReGIS of the concerned participant, in accordance with the clauses of the related pledge agreements.

Pursuant to the *Provisions* in the *Rules* of the respective system or in the financial collateral arrangements, the execution of pledges within the SaFIR system can be achieved by sale, or appropriation and is not conditional upon the following:

a) prior notification of the intention to execute the financial collateral;

b) approval of the execution conditions, by any court of law, public authority or any other person;

c) the execution be performed by public auction or by any other pre-set method;

d) any additional deadline expired.

SaFIR sends, upon request, to the net settlement systems or to the clearing houses information on the value of pledges registered in their favor through adequate SWIFT messages, through the query interface of the *RCI-IPF* network or by fax.

The payment systems ensuring funds clearing, including those related to operations in financial instruments and the clearing houses connected to the proprietary network, may request such information by sending a message through the *RCI-IPF* network or in any other form agreed upon with the system administrator. Upon receiving such a request, SaFIR will send a list comprising the total amount of pledges for each participant involved. After SaFIR sent this list, the participants may not request the release of the respective pledges. SaFIR may release those pledges, at the participant's request, only after the respective net settlement system announced the end of session and only by the start of the next session.

5.2.5.1. *Registration of pledges in SaFIR*

Registration of pledges in SaFIR is performed on the basis of instructions sent by participants, in accordance with the provisions of section 5.2.1, with the following particular cases:

- in the case of agreements concluded between a participant and its customers, of those concluded between the customers of the same participant, as well as of those intended for warranting the settlement in payments systems ensuring funds clearing, including those relating to the operations in financial instruments, it is necessary that only one

SWIFT message be sent, on behalf of the respective participant (see the system documentation);

- in the case where, while checking the availability of financial instruments in the account of the pledger, it is found that there are no sufficient financial instruments available in that account, SaFIR cancels the operation and sends notifications to the parties involved;
- in the case of pledge agreements including several issues, the registration of securities as pledged takes place only and only if all financial instruments are available; otherwise, SaFIR cancels the operation and sends notifications to the parties involved.

5.2.5.2. *Changes of pledges registered in SaFIR*

Participants may change the information on pledges registered in SaFIR, except for the pledges established in order to guarantee settlements in payment systems ensuring funds clearing, including those relating to operations in financial instruments and those for guaranteeing Lombard loans. The change of terms and conditions of a pledge agreement recorded in the system can only be made in compliance with the contractual clauses and may be aimed at:

- replacing the pledged financial instruments with instruments from other issues (substitution within the pledge agreement);
- decreasing or increasing the amount of pledged financial instruments;
- changing the maturity date of the pledge agreement.

The following may not be subject to change: the date of starting the agreement, the parties involved, the number of the pledge agreement, and the code relating to the pledge type.

If a customer of a participant that is part of an agreement becomes a customer of another participant or becomes a participant itself, the system will ensure, alongside with the transfer of the customer's portfolio, that the financial instruments involved in the pledge agreement remain pledged (for the pledger) or the receiving account (for the pledgee).

The pledge in the system is changed either at the request of the parties in the agreement or automatically by the system, in the case of partial redemption of one or more pledged issues.

5.2.5.2.1. Changes of pledge at the request of the parties

In order to change the terms and conditions of a pledge agreement recorded in the system, the participants will send the SWIFT instructions for changing the pledge (see the system documentation) no earlier than the recording of the pledged by the system and no later than the day preceding the maturity date of the pledge agreement. The daily period for receiving the instructions to change the pledges is the period when the *Free of Payment (FoP) Service* is in operation. The system will reject any instruction received outside this period.

Validation and, if appropriate, matching of instructions are made in accordance with the provisions of sections 5.2.1.2 and 5.2.1.3 of the present document. Instructions will contain data referring to the initial instructions for registration of pledges in the system.

In case of *substitution within the pledge agreement*, the system checks the availability of the new financial instruments in the account of the participant making the pledge. If the financial instruments needed are not available (even for only one issue in the case of a pledge for multiple issues), the system cancels the change and notifies both participants involved through adequate SWIFT messages by mentioning the reason for cancellation and the respective issue (ISIN code). If the financial instruments are available, the system will proceed as follows:

- it instantly registers the new financial instruments as pledged;
- it releases the financial instruments initially pledged and sends confirmations to both participants involved through adequate SWIFT messages;
- registration of the pledge or release of the financial instruments involves updating of the information registered in the accounts in regard to the pledge by changing the status of the financial instruments involved, with the ones initially lodged becoming available and the new financial instruments being registered as pledge.

In the case of a *change of the amount of pledged financial instruments*, the system will decrease the amount of pledged financial instruments by releasing the amount mentioned in SWIFT messages sent by the participants or will increase the amount of pledged financial instruments, as mentioned in SWIFT messages sent by the participants, by checking the availability of additional financial instruments and their registration as pledged.

In the case of a *change of the maturity date of the pledge agreement*, the registration accounts for financial instruments will not be changed and the new maturity date for the pledge cannot precede the current date.

5.2.5.2.2. Automated change of pledge at the request of the system

The pledges are automatically changed by SaFIR in the case of partial redemption (see section 5.1.2.1). In this case, the nominal value and the market value respectively of the financial instruments will be reduced accordingly.

5.2.5.3. *Release of pledged financial instruments*

The system releases the pledged financial instruments:

- upon request, (i) based on an instruction coming from the pledgee in the case of agreements signed between two participants (see section 5.2.5.3.1) or (ii) based on an instruction coming from the pledger in the case of pledges for net settlement systems and clearing houses (see section 5.2.5.3.2);
- automatically, when the pledge agreement falls due or a partial/full redemption occurs.

5.2.5.3.1. Release of pledged financial instruments at the request of the pledgee

SaFIR releases the pledged financial instruments at the request of the pledgee following an adequate SWIFT message sent by the pledgee (see section 4.1.4 in the system documentation). The daily period for receiving the instructions to release the pledges is the period when the *Free of Payment (FoP) Service* is in operation. The system will reject any instruction received outside this period.

Messages will be validated in accordance with the provisions of section 5.2.1.2 of the present document by also taking into account the fact that messages will contain data ensuring the connection with the initial pledge agreement registered with the system.

In the case of a pledge release instruction, the system will check the availability of pledged financial instruments in the account of the participant that set up the guarantee. If the necessary financial instruments are recorded as pledged in the account of the respective participant, the system releases them and records them as available in the account of the respective participant and sends confirmation notifications both to the participant that set up the pledge and the

pledgee via adequate SWIFT messages. Otherwise, the system rejects the operation and sends notifications both to the participant that set up the pledge and the pledgee via adequate SWIFT messages (see the system documentation).

5.2.5.3.2. Release of pledged financial instruments in order to guarantee settlement in payment systems ensuring funds clearing, including those related to operations in financial instruments

SaFIR will allow the release, at the participant's request, by using the adequate SWIFT message, of financial instruments in order to guarantee settlement in payment systems ensuring funds clearing, including those related to operations in financial instruments licensed by NBR only during the time span between the end of a session and the beginning of the next clearing session within the respective system.

At the end of each session, the respective net settlement system will notify the SaFIR system via an adequate SWIFT message. After receiving this message, at the request of the participants involved, the system will release the pledges left unexecuted. The release requests will be sent by the participants via adequate SWIFT messages and will be processed by it only during the time span between the end of a session and the beginning of the next session of clearing within the net settlement system.

SaFIR will report the pledge releases as follows:

- to NBR in real time via adequate SWIFT messages;
- to the net settlement system, at the end of each settlement session, along with the information on the pledged/executed and/or released financial instruments during the day, for each participant, via the specific message of the SaFIR system;
- to the participants that set up the collateral in real time via adequate SWIFT messages.

5.2.5.3.3. Automated release of pledged financial instruments

SaFIR will make an automated release of the pledged financial instruments either at the pledge agreement maturity or at the maturity of the related issues.

The system will inform automatically both the participant that registered the pledge and its pledgee as regards the approaching maturity date of the pledge agreement or the approaching maturity of an issue via adequate SWIFT messages that will be sent 5 and 2 operating days (3

days in the case of pledges with foreign currency-denominated financial instruments) prior to the maturity date of the pledge agreement or of the date of optional, partial or full redemption of financial instruments.

On the *maturity date of the pledge agreement*, the system will automatically release the pledged financial instruments, at the time mentioned by the parties in the agreement in the message for setting up or change of the pledge or, if this time is not mentioned, at end of the respective operating day, on condition that by that time no request for pledge execution was validated by the system.

Except for the fact that no release message needs to be sent by either participant, the procedure to be followed within the system is similar to that used for releasing upon request the pledged financial instruments.

At the issue redemption, at the *end of day* in the operating day preceeding the payment date (for domestic currency-denominated financial instruments) or at *end of day*, three operating days before payment date (for foreign currency-denominated financial instruments), the system will make an automated release of all financial instruments to be subject to redemption, irrespective of the maturity date of the pledge agreement.

Any clearing between the parties will be made outside the system, in accordance with the applicable legal provisions.

5.2.5.4. *Execution of pledged financial instruments*

Participants that are part of a pledge agreement which is subject to either the provisions of *Ordinance no. 9/2004*, or the provisions of the *Civil Code* will, at the registration of the pledge by the system, mention the method for executing the pledge in case of not fulfilling the financial obligations warranted by the respective agreement. Thus, the execution will take place by:

- *Appropriation* by the pledgee of the pledged financial instruments in the account of the collateralized financial obligations, in compliance with the applicable regulations, through sending a SWIFT message to the pledgee; or
- *Sale* by the pledgee of all or part of the financial instruments pledged in its favor in the account of the collateralized financial obligations, in compliance with the applicable

regulations, through sending a SWIFT messages by the pledgee and to the seller in a sale/purchase operation, pursuant to section 5.2.2.

As for the procedure to be followed in case of execution, SaFIR will consider the code related to the type of agreement (contracts protected or not by the provisions of *Government Ordinance No. 9/2004*), as assigned by the participants and notified to the system via an adequate SWIFT message (see the system documentation).

SaFIR processes the execution through *appropriation* or *sale* after the validation of execution messages sent by the participants, in accordance with the provisions of sections 5.2.1.1, 5.2.1.2 and, if appropriate, 5.2.1.3 of the present document.

In case of execution through sale, the participants that initiate the execution procedure are responsible for ensuring the discharge of obligations by the counterparty until the pledge agreement maturity; otherwise, the pledged financial instruments are released by the system according to section 5.2.5.3. Any clearing between the parties will be performed outside the system, in accordance with the applicable legal provisions.

In the case of net settlement systems, which do not have their own *Rules* for managing the settlement risk in the ReGIS system, the provisions included in the *NBR Regulation no. 9/2020* are applied.

5.2.5.4.1. Execution of pledge involving two participants

In case of *appropriation*, SaFIR initiates a Free of Payment (FoP) transfer for the financial instruments relating to the pledge agreement from the account of the participant that registered the pledge in the account of the pledgee.

In case of *sale*, SaFIR initiates a Delivery versus Payment transaction, with the accounts used for funds transfers and financial instruments being those mentioned in the messages entered into the system. In the case of a transaction settlement in USD, the system will receive the confirmation of the funds transfer from the pledgee.

Where the participant receiving the pledge executes only part of the respective pledge, it will send the adequate SWIFT message in order to release the rest of the financial instruments that were left as pledged (including the disputed ones).

In the case of pledge agreements that are not governed by the provisions of *Government Ordinance No. 9/2004* and are subject to the provisions applicable to mortgage from the *Civil Code*, the following particular aspects apply:

- the pledge may only be executed after having the express consent of the parties, otherwise an enforceable title or an irrevocable and final court decision is needed, as the case may be;
- the message for execution of the pledge, sent by the pledgee, will be held in the "Waiting Execution Confirmation" (WEC) queue;
- the pledger is informed by the system through an adequate SWIFT message about the fact that the execution of the respective pledge was requested. The pledger may send via e-mail a message confirming that the respective agreement can be executed. Where the system fails to receive the confirmation at the *Cutoff Time* of the adequate service (*Free of Payment (FoP) Service* or *Delivery versus Payment (DvP) Service*), the respective financial instruments will be recorded in the system as "*disputed*" (i.e. the respective instruments will be blocked until the execution or the release, after receiving a court decision or after the settlement of total or partial redemptions);
- SaFIR informs the participants involved through an adequate SWIFT message about the fact that the respective financial instruments are "*disputed*";
- upon receiving the court decision on approving the execution, the participant receiving the pledge will send to the system through e-mail or fax the confirmation of the fact that the respective pledge agreement can be executed; thereafter, the participant sends an adequate SWIFT message for pledge execution and the execution operation is held by the system in the "Waiting Execution Confirmation" (WEC) queue. After the system administrator approves the operation, it will be processed as an ordinary execution through appropriation or sale;
- the funds resulting from (full or partial) redemptions that may occur in regard to the "*disputed*" financial instruments will be transferred into the account of the pledger participant or, if it is the case, of its settlement bank. The pledger, on its own behalf or on behalf of a customer, is responsible for blocking these funds in its records and for ensuring their execution, pursuant to the court ruling;

- in the case of pledge agreements for multiple issues, those having reached maturity prior to receiving the court ruling will be released while those not yet maturing will further be held as "*disputed*".

5.2.5.4.2. Execution of pledge for net settlement systems or clearing houses

In case there are insufficient funds available in the settlement account opened with ReGIS or in the reserve destined to the net settlement system in the settlement account opened with ReGIS by the participant for the settlement of the instruction for net settlement of the concerned system, at the request of ReGIS, SaFIR will execute the pledge through sale or appropriation. ReGIS will request the execution by sending an adequate SWIFT message. If the agreement does not stipulate a certain issues (ISIN), the system will select the financial instruments to be subject to the execution based on the following criteria:

(a) Those belonging to a single issue and covering the entire amount needed, either resulting the smallest rest after the execution or covering most of the amount to be executed;

(b) For the rest of the pledge to be executed, SaFIR will select the next issues based on the same criteria;

(c) Where there are two or more issues meeting the above-mentioned criteria, the system will choose the issue whose maturity is closest.

Depending on the number of selected issues, the execution will be performed as one or more Delivery versus Payment transaction(s) in order to:

- transfer funds within ReGIS from the settlement account of NBR to the settlement account of the participant that set up the collateral;
- transfer financial instruments within SaFIR from the account of the participant that set up the collateral to the account of NBR.

Depending on the agreements concluded between the net settlement system and the participants, the authorization of the execution of pledges within the system is unnecessary, or it is performed by the system administrator manually.

5.2.5.5. *Pledges associated with Lombard credits*

In accordance with the provisions of Art. 17 and Art. 21 of *NBR Regulation No. 1/2000 regarding the money market operations carried out by the NBR and the standing facilities granted to eligible participants,* republished as amended and supplemented, banks may use the lending facility - Lombard credit - provided by the central bank.

The registration of collateral in the form of financial instruments in favor of NBR for guaranteeing Lombard credits is made within the SaFIR system by means of a single SWIFT message sent by the participant. The pledge is registered in accordance with the provisions of section 5.2.5.1.

A Lombard credit may be granted in one of the following cases:

- a simple Lombard credit application;
- the conversion of one or more intraday repo into a Lombard credit without additional funds;
- the conversion of one or more intraday repo into a Lombard credit with additional funds.

The conversion of an intraday repo into a Lombard credit may be initiated only if that particular intraday repo is eligible for such a conversion, in accordance with section 5.2.4.2 of the present document.

SaFIR participants may send instructions to register the collateral for Lombard credits during the operating day but not later than the *Lombard Service Start Time*. The instructions submitted after the above-mentioned Cutoff Time will be rejected and the participants will be notified by SWIFT messages. Regardless of the moment the instructions to register the collateral for Lombard credits are sent, the matching will be initiated at the start of the *Lombard Service*.

Upon receipt and validation, respectively, of a pledge registration message sent by a participant for a Lombard credit, the SaFIR system checks:

- the availability of sufficient financial instruments in the participant's account;
- if the maturity of the financial instruments and of the coupon is longer than that of the Lombard credit;
- if the market value of collateralized securities minus hair-cut is at least equal to the sum of the loan and interest thereon.

If all these conditions are met, SaFIR blocks (books) these instruments in the participant's account for collateral registration at the *Lombard Service Start Time*. The system sends real-time funds settlement instructions to ReGIS by debiting the NBR's account and crediting the participant's settlement account. For each Lombard credit requirement, a funds settlement instruction will be sent to ReGIS.

If the above-mentioned conditions are not met, the registration of collateral will be cancelled and the participant will be notified by SWIFT messages.

After the funds transfer, ReGIS confirms this transfer to SaFIR, whilst the latter will have to send the pledge registration confirmation to the participant that applied for the Lombard credit facility.

At the *Lombard Service Cutoff Time*, SaFIR will send ReGIS notifications of cancellation of all funds transfer instructions relating to Delivery versus Payment transactions in the "Waiting (for) Funds Confirmation" (WFC) queue. As concerns the Delivery versus Payment operations and the cancelled Lombard credit applications, the participants will be notified by appropriate SWIFT messages.

In the event that a participant wishes to withdraw from a Lombard credit, it must notify NBR in writing, asking for the cancellation of the Lombard requirement no later than by the start time of the *Lombard Service*.

Pursuant to the provisions of Art. 50 para. 3 let. a) of *Law No. 312/2004*, corroborated with the provisions of art. 41 para. (4) of the *NBR Regulation no. 1/2000 regarding the money market operations performed by the NBR and the permanent facilities granted by it to the eligible participants*, the pledge execution is processed through SaFIR by full or partial sale, on the debtor's account, of the securities and instruments used as collateral, within 3 days at most, considering that the validity period of the pledge agreement registered with the system is at least 4 operating days.

The execution of the pledges related to Lombard credits may take place starting with the second day of the agreement until the fourth day inclusively, by sale by NBR on the debtor's account, pursuant to the provisions of Art. 50 (3) of *Law No. 312/2004* and of section 5.2.5.4 of the present document.

For the reimbursement of funds and the release of the collateral for a Lombard credit, the participant who received it will send to SaFIR a SWIFT release instruction during the next banking

day. Based on the message received from the participant, SaFIR will send two messages in ReGIS that will contain the two amounts to be reimbursed by debiting the participant's account, the principal and the interest on the Lombard credit. Both instructions will have different priorities, the interest payment instruction having higher priority.

After receiving the settlement confirmations for the principal and for the interest from ReGIS, SaFIR will release the collateralized securities and will send the appropriate notifications.

If funds are not settled until *Lombard Service Cutoff Time*, SAFIR will send to ReGIS a request to cancel the settlement of funds and ReGIS will confirm, where appropriate, the funds settlement or cancellation. Depending on the response, the system will cancel the pledge release or will release it, sending the corresponding notifications to the participant.

The release of pledged financial instruments may also be performed automatically by SaFIR at the end of the pledge agreement (on the fourth day, at the end of the *Free of Payment (FoP) Service*), as described in section 5.2.5.3 of the present *Rules*.

5.3. Processing the operations performed by S.C. Depozitarul Central S.A.

5.3.1. General provisions

S.C. Central Depository S.A., as a participant in SaFIR, may hold the following types of accounts, depending on the requested segregation level and on the needs of the RoClear participants:

- omnibus account, listing the financial instruments that can be traded on the regulated market and that are held by participants in the RoClear system administered by the S.C. Central Depository S.A.;

- individual customers' accounts listing the participants' financial instruments individually held in RoClear system, in accordance with requirements of the S.C. Central Depository S.A.;

- house account listing S.C. Central Depository S.A.'s own holdings.

The following operations must be conducted prior to trading government securities on the regulated market:

- Free of Payment (FoP) transfer of financial instruments from the participant's account opened with SaFIR to the S.C. Central Depository S.A.'s account opened with SaFIR;

- the balance on the account opened in SaFIR for the S.C. Central Depository S.A. will be reflected in a "mirror" account opened in the RoClear system's records;
- From the "mirror" account opened with RoClear, government securities will be transferred to the participant's account opened with the RoClear, according to the accounts structure of this system.

The same operations must be performed backwards prior to the trading on the market of the government securities issued by the Ministry of Finance listed in the accounts of the participants in RoClear.

5.3.2. Government securities that can be traded on the regulated market

The Ministry of Finance sets by its issue prospectus, the government securities that can be also traded on the regulated market.

SaFIR automatically sends to RoClear the data related to the issues of government securities that can be also traded on the regulated market (after the settlement of primary market results) as well as the data related to the payment events (upon their introduction into the system).

5.3.3. Processing the operations between the two systems

Through its accounts opened with SaFIR, S.C. Central Depository S.A. can perform the following types of operations:

- Free of Payment (FoP) transfers (the system processes the transfer of financial instruments that does not involve a transfer of funds):
    - From the account of the SaFIR participant to the account opened with SaFIR for the S.C. Central Depository S.A.;
    - From the S.C. Central Depository's account opened with SaFIR to the SaFIR participant's account.
- Blocking and unblocking the government securities assigned to pledge contracts registered in the RoClear system

5.3.3.1. *Free of Payment transfers*

Only portfolio transfers and realignment operations of positions resulting from transactions in other markets can be made through the S.C. Central Depository S.A.'s accounts opened with SaFIR.

Portfolio transfers to/from the S.C. Central Depository S.A.'s account opened with SaFIR can be performed by using two SWIFT messages (see the system documentation), i.e. one sent by the SaFIR participant and the other one by the S.C. Central Depository S.A. The latter message will be delivered via the *RCI-IPF* network in XML format and will be transposed within SaFIR as a specific SWIFT message for the transfer in question; the two messages will be thereafter matched according to the *SaFIR Rules*.

In order to process the realignment operations in SaFIR of positions resulting from transactions in other markets, SWIFT messages will be sent in XML format in accordance with section 5.2.2.

5.3.3.2. *Financial pledge arrangements*

5.3.3.2.1. Blocking-unblocking of the government securities assigned to financial pledge arrangements registered in the RoClear system

SaFIR blocks or un-blocks, at the request forwarded by the S.C. Central Depository S.A., those government securities registered with RoClear which are assigned to pledge contracts concluded between the RoClear participants.

In this regard, the S.C. Central Depository S.A. will send a single message to block/unblock the government securities assigned to the financial pledge.

5.3.3.2.2. Collateralized financial instruments execution

In the case of collateralized government securities execution on the regulated market, the S.C. Central Depository S.A. will require the unblocking of the government securities assigned to the executed collateral by sending a single unblocking message.

5.3.4. Processing of payment events

On the reference date (RD) at the End of Day (between *FOP* cut-off and *End of Day*), the S.C. Central Depository S.A. will forward the file with the information on the structure of holdings per settlement banks in order to compute and settle the amounts related to payment events.

The settlement banks identified in the above-mentioned file must be participants in SaFIR.

The settlement of funds related to payment events is initiated by SaFIR in ReGIS on the payment day (PD) as net position or as gross instructions.

5.3.5. Reports

At End of Day, SaFIR will send RoClear reports related to the balance on the accounts and the operations made through these accounts.

5.3.6. Daily reconciliation

At End of Day, the S.C. Central Depository S.A. will reconcile with SaFIR the information in its accounts, in accordance with the provisions of the *User guide for the messages sent through the RCI-IPF network relating to the interface with the participants*.

SaFIR system will compare the previous End of Day balance with all settlements processed during the current day and with current End of Day balance for each financial instrument issue and each financial instrument account.

SaFIR analyzes the potential discrepancies and inconsistencies between the information sent by the Central Depository and the data registered by the system and, if applicable, the SaFIR administrator attempts to solve them until the opening of the next business day's settlement session. If the discrepancies and inconsistencies cannot be solved within the aforementioned period, the system administrator may suspend a certain issue of financial instruments until the situation is corrected, the suspension being mandatory in the situation of non-resolution until the end of the next business day. The SaFIR administrator will inform all the entities involved regarding the suspension of the respective financial instruments issue.

5.4. Processing the operations performed by Euroclear Bank SA/NV

5.4.1. General provisions

The direct connections between SaFIR, administered by the NBR, and other national or international central depositories' systems enable the transfer (to SaFIR and vice-versa) of the financial instruments deposited with these systems in order to use them as eligible assets in central bank operations (monetary policy, lending facility and as collateral for payment systems respectively).

5.4.2. Financial instruments that can be transferred between SaFIR and Euroclear Bank SA/NV

Only financial instruments accepted for NBR operations can be transferred between SaFIR and other central depositories. These eligible assets are listed on the NBR's website.

5.4.3. Processing the operations between SaFIR and Euroclear Bank SA/NV

NBR, as administrator of SaFIR, has opened a clients' account, in accordance with current legislation. Both the central bank's own holdings and the holdings of SaFIR's participants are reflected in this account[4]. These holdings are also mirrored in SaFIR system.

The only operations that are allowed through the connections between SaFIR and the other central depositories are (FoP) portfolio transfers, made via Swift messages, in accordance with section 5.2.3. Only participating credit institutions can perform this operation. Free of Payment (FoP) transfers within the systems operated by other central depositories are only permitted provided the owner of the instruments does not change – portfolio transfer with the NBR as counterparty.

The credit institution participating in SaFIR which intends to make a transfer shall submit an instruction (in accordance with the *Rules* described in the system documentation) both to the central depository's system where its instruments are deposited and to SaFIR. In its turn, NBR

[4] In Euroclear, this (additional) account is different from the account currently used for the central bank's own operations.

will send a SWIFT instruction to the central depository's system from which these instruments come.

Upon receipt of the instruction sent by the participant in SaFIR, the Free of Payment (FoP) operation is placed in the "Waiting for Securities" (WFS) queue until receiving either the confirmation or the cancellation of transfer by the respective central depository.

The matching of messages will take place in the system of Euroclear Bank SA/NV. If the financial instruments are available in the account of the credit institution opened with Euroclear Bank SA/NV, these instruments will be transferred to that specific account opened by the institution with Euroclear Bank SA/NV. After the transfer is complete, the instruments will also be reflected in the NBR mirror accounts with SaFIR. The instruments will be transferred (by automatic FoP) from these mirror accounts to the participant's own account, opened with SaFIR.

After being transferred to a participant's SaFIR account, , the financial instruments can be used, by that participant, as eligible assets for all types of operations mentioned in section 5.4.1.

The reverse transfers, i.e. from SaFIR to other central depositories' systems, take place in a similar manner.

Cancellation of a FoP transfer instruction is performed by sending a cancellation instruction to SaFIR.

5.4.4. Payment events processing

SaFIR is not involved in the payment events settlement of the financial instruments described above. Settlement of these events will be processed at the NBR's back office division which makes the appropriate payments to the registered holders of such financial instruments.

5.5. Processing of (garnishment) foreclosure operations, applied on the financial instruments held by the garnishee in the SaFIR system

SaFIR processes garnishment instructions regarding financial instruments foreclosures, where NBR acts as a garnishee in relation to debtors having financial instruments accounts opened in SaFIR, observing the legal provisions on foreclosures.

Garnishment shall be made only pursuant to a court order or another valid document which represents a writ of execution, according to the applicable law

In case of a garnishment operation, the financial instruments held by the debtor in its own account in SaFIR are made unavailable and then transferred by NBR, in its role as a garnishee, to the garnishor-creditor, as advised by the court enforcement officer

The financial instruments guaranteeing the debtor's obligations as a SaFIR participant shall be exempted from tracking and foreclosure.

Garnishment shall only apply to the debtor's own (*house*) account and cannot be extended to its other accounts in SaFIR.

In compliance with the provisions of *Law No. 253/2004*, the settlement instructions which were introduced into the system before the moment the writ of execution was registered at NBR, in its capacity as system administrator, shall not be affected by the garnishment, if the NBR was neither aware of nor was it supposed to know about the writ of execution.

From the date the garnished financial instruments are made unavailable in the system, until the obligations related to the garnishment are fully covered, including the period of any suspension of the foreclosure, the debtor's own account opened in SaFIR shall be automatically restricted, so that no operation may be performed in the system that would decrease the value of the financial instruments subject to garnishment.

5.5.1. Making debtor's financial instruments unavailable

NBR, in its capacity as system administrator, shall make the debtor's financial instruments unavailable, upon receipt of the garnishment notification mentioning the writ of execution underlying the garnishment.

The algorithm for selecting the financial instruments from the debtor's portfolio is the same as the one used for the execution of the guarantees set up as collateral for net settlement systems. The value at which SaFIR evaluates the financial instruments in the debtor's own account with a view to making them unavailable is the same as the value at which they are accepted for operations with the central bank.

If the total value of the eligible securities held by the debtor in SaFIR does not cover the total amount of the garnishment, all financial instruments available in debtor's own account shall be made unavailable.

The financial instruments shall be made unavailable in SaFIR by being transferred from the debtor's own account to the garnishment account of NBR. The operation carried out to this end shall be registered in SaFIR as a Free of Payment (FoP) operation.

After making the financial instruments unavailable, the system shall send the debtor the settlement confirmation instruction (MT546).

5.5.2. Transfer to the beneficiary (garnishor-creditor) of the garnished financial instruments

SaFIR shall process the transfer of the financial instruments made unavailable according to section 5.5.1 of the present document, from the garnishment account of NBR, as garnishee, to the beneficiary's (garnishor-creditor's) account, as indicated by the court enforcement officer.

The transfer operation shall be registered in SaFIR as a Free of Payment (FoP) operation.

After processing the transfer of the financial instruments to the beneficiary's account, the system shall send the settlement confirmation instruction (MT544) to the participant indicated by the court enforcement officer.

Where the financial instruments that have been made unavailable in the garnishment account of NBR outnumber those transferred to the beneficiary's account, the remaining financial instruments shall be subject to a replenishment of the debtor's account.

5.5.3. Replenishment of the debtor's financial instruments account

The debtor's financial instrument account opened with SaFIR is replenished by the transfer of the financial instruments made unavailable that were left after the transfer to the beneficiary's account, from the garnishment account of NBR to the debtor's account.

The replenishment account operation shall be registered in SaFIR as a Free of Payment (FoP) operation.

After processing the replenishment of debtor's financial instrument account, the system shall send the settlement confirmation instruction to the respective participant.

5.6. Restrictions regardning the operations performed within the system

No operation in financial instruments will be settled on the redemption date of the respective issues.

The system will not settle operations in foreign currency-denominated financial instruments sent during the last two operating days prior to the redemption date of the respective instruments.

The system will not settle intraday repo operations with foreign currency-denominated financial instruments, except those with the NBR (intraday liquidity facility - intraday repo - granted by the central bank) in order to take intraday liquidity for a smooth settlement in ReGIS.

Operations in financial instruments brought to SaFIR from the RoClear system may not be made between participants on their own behalf and account or on behalf and account of their customers. The only operations allowed in such instruments are those with NBR.

Foreign currency-denominated financial instruments issued by the Ministry of Finance on foreign markets which are deposited with DTCC, U.S. based depository of financial instruments and are registered under two distinct ISIN codes (one restricted for the U.S. market and the other unrestricted, aimed for markets outside the U.S.) are prohibited for use in transactions resulting in a transfer in the SaFIR system of those instruments from one ISIN code to the other (such as, for instance, on acquisitions of such instruments by a U.S. resident investor).

If the last day of any period specified in the present document is not a business day, that period will be implicitly prolonged until the next business day.

5.7. Sending settlement instructions on behalf of a participant by a third party

A central depository not operating through an office located in Romania may appoint an operating agent which, on the basis of contractual arrangements with the respective depository, shall send and receive on its behalf the messages in SaFIR. The operating agent shall forward all the registration request forms of participant and user profiles.

The operating agent shall be a primary dealer registered in SaFIR.

If the central depository has no settlement account opened in the ReGIS system, it shall choose an operating agent which is registered in ReGIS and fulfills the role of a settlement bank.

The participants not operating on Romanian ground and do not have access to the RCI-IPF network and carry out their operations through an operating agent must send to the system administrator the Power of Attorney, according to the model in Appendix 14, filled in and signed by authorized persons.

5.8. Operating days and operating timetable

SaFIR operates on a daily basis except Saturdays, Sundays, and legal holidays.

Settlement of funds related to transactions in financial instruments in SaFIR is only possible during the operating hours of the relevant payment system. Therefore, if the settlement date of a DvP transaction is a non-operating day for SaFIR or for the relevant payment system, the settlement will be performed on the next operating day according to the operating calendars of the systems.

Any changes in the SaFIR operating days and/or timetable timetable will be notified to the participants by the system administrator.

SaFIR operating timetable are set out in Appendix 7 to the present document

6. Measures to prevent and resolve cases of settlement failure

6.1. Measures to prevent cases of settlement failure

6.1.1. Revocation of settlement instructions in SaFIR

In the SaFIR system, the settlement instructions may be revoked in the following instances:

- Unilaterally by the ordering participant, both before and after the expected settlement date , until the end of the recycling period, for unmatched instructions that.
- Bilaterally, by both participants parties to the transaction, if the settlement instructions went through the matching process. Bilateral revokation can be done until the moment of acceptance for settlement or until the end of the recycling period.
- Automatically by the SaFIR system at the end of the recycling period or when the settlement instructions do not meet the recycling conditions (the financial instruments corresponding to the settlement instruction have reached maturity).

6.1.2. Priorities

The SaFIR system automatically assigns 2 priority levels to transactions, as follows:

- priority 000 – for the operations between the participant and the central bank;
- priority 004 – for the operations between the participants.

Additional priority levels may be established, whenever appropriate.

In order to optimize the settlement, participants may enter instructions to which they assign a higher priority level than the one automatically assigned by the system, or they can alter the priority level of their own instructions so as to settle transactions in the desired order and ensure the settlement of a number of as much instruction as possible on a business day. In this regard, the system provides participants with two priority levels: high priority 003 and normal priority 004 (automatically allocated by the system).

The priority level of a transaction is equal to the highest priority level assigned to the two instructions involved in the transaction.

6.1.3. The hold and release mechanism

SaFIR system incorporates a 'hold and release' mechanism[5] for settlement instructions. 'Hold' signifies blocking an instruction from settlement by the participant, and 'release' involves unblocking a previously blocked instruction by the participant. The participants are allowed to hold/release only their own settlement instructions sent to the system.

The hold and release mechanism allows participants to change the status of a settlement instruction, respectively from hold to release. Participants cannot change the status of an instruction after it has been released for settlement (a settlement instruction can only be held once, when it is entered into the system).

In order to employ the hold settlement mechanism, participants submit hold (from settlement) instructions to the system. When a hold instruction is sent to the system by one or both parties

[5] In the sense of art. 8 of *Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) no. 909/2014 of the European Parliament and of the Council regarding regulatory technical standards regarding settlement discipline*.

to the transaction, as well as when an instruction is released, the system ensures the appropriate information of the parties involved in the transaction.

Hold instructions are not eligible to enter the settlement process, but they go through the matching instruction process and may be canceled [6] or changed, as appropriate [7].

Hold instructions may be recycled, as provided in section 6.1.4. of these Rules, until their cancellation or settlement, in the latter case being necessary to release them beforehand.

The release of settlement instructions can only be done by the participant who put them on hold, each party to the transaction having the obligation to release its own instruction, in order to enter it into the settlement process. The release action is performed individually, i.e. the release instructions do not go through a matching process.

The hold and release mechanism is not allowed in SaFIR systemfor the following categories of instructions:

- pledge instructions with financial instruments;
- instructions for operations with the central bank;
- instructions related to the settlement of primary market operations;
- instructions related to the payment of invoices;
- instructions for collecting/distributing penalties;
- instructions related to settlement operations for payment events;
- instructions of a participant against which an insolvency procedure has been opened;
- instructions related to the following unilaterally initiated operations:
    - sale or purchase between a participant and its own customers, as well as operations between same participant's customers, if matching process has been performed at the level of the respective participant [8];

[6] Cancellation of a transaction is carried out independently of the status of the transaction (held or released from settlement), according to section 6.1.1. *Cancellation of settlement instructions in the SaFIR system* in the present Rules.

[7] Currently, the only possible change is to change settlement priority, and this only takes effect after release for settlement.

[8] it is possible to use the hold and release mechanism if matching process is performed at the level of the SaFIR system.

- realignment of positions resulting from transactions on other markets, between the own account and customer account, in the case of central depositories of financial instruments.

6.1.4. Reciclying

The SaFIR system ensures that the instructions are recycled, so that the settlement instructions that lead to settlement fail are kept until they are settled, canceled by the system or canceled by the participants involved.

Settlement instructions for which settlement failed by the appropriate *Cutoff Time* on the current operating day are recycled or stored in the system for the purpose of attempting settlement on the next operating day, until:

- instructions are settled;
- the instructions are canceled unilaterally if they have not completed the matching process or bilaterally by the participants involved if these have completed the matchin process ;
- the conditions for recycling are no longer met (eg the respective financial instruments have reached redemption).

The instructions are automatically canceled by the system at the end of the recycling period.
The recycling period for settlement instructions that are part of the same transaction is 4 business days from the date of the last update of that instruction for settlement instructions that have completed the matching process, and 20 business days from the intended settlement date for those who have not completed the matching process.
Settlement instructions for which the securities available in the seller's participant's financial instruments record account are not sufficient for settlement are entered in the "Waiting For Securities" (WFS) queue where they are recycled until they are settled or canceled, in accordance with the *SaFIR System Rules*.
Settlement instructions for which the system has not received confirmation from ReGIS, from TARGET, or from the participant which is a seller in USD settlement transactions, are entered in the "Waiting (for) Funds Confirmation" (WFC) queue and are recycled until settlement or cancellation, in accordance with the *SaFIR System Rules*.
Exceptions are pledge arrangements and the intraday repo operations carried out by the participants in relation to the central bank, for which the system cancels the transactions at the

Cutoff Time of the relevant service, in accordance with the provisions of section 6.1.1 of this document.

6.1.5. The mechanism for informing about the status of the counterparties' instructions

Within SaFIR, participants are informed about the settlement instructions sent by their counterparties, either one hour after their introduction or immediately after entering, if the instructions have been entered into the system less than 5 hours before the *Cutoff Time* of the corresponding service.

Real-time information refers to:

(a) the fact that the participant is a party to a transaction for which the counterparty has entered an instruction in the system awaiting the identification of the matching instruction;

(b) the fact that the instruction has already been canceled by the participant who submitted it;

(c) the fact that the instruction has already completed the identification of the matching instruction.

6.2. Measures to resolve cases of settlement fail

The SaFIR system administrator monitors the cases of settlement fail and applies cash penalties to the participants responsible for situations of fail settlement.
Participants have the obligation to take appropriate measures to prevent any lack of financial instruments or funds, in order to ensure the settlement of each transaction on the expected settlement date.

The SaFIR system administrator monitors, reports, calculates, collects and redistributes cash penalties, according to the procedure described in the following subsections. In addition to the cash penalties applied, the SaFIR system administrator may also charge the participants with the costs associated with the penalty mechanism applied.

6.2.1. Monitoring cases of settlement fail and of cash penalties

The SaFIR system administrator monitors the cases of settlement fail and applies cash penalties to the participants responsible for situations of settlement fail.
Monitoring the cases of settlement fail is performed according to the *Commission Delegated Regulation (EU) 2018/1229*.

The SaFIR system administrator also monitors the efficiency of the settlement and cooperates with the participants which have the highest rates settlement fails in order to identify the main causes of settlement fail, through one of the means described in section 22 - *Notifications* of this document.

6.2.2. Cash penalties

For each instruction whose settlement has failed on the expected date, the system calculates and applies, at the end of each business day, cash penalties, according to *Regulation (EU) no. 909/2014* and *Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) no. 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline (SDR)*.
SaFIR applies two types of cash penalties for cases of settlement fail:

1. penalties related to instructions for which settlement has failed until reaching the expected settlement date (ISD - *Intended Settlement Date*), if they have not been canceled (SEFP - *Settlement Fail Penalty*)
2. penalties related to settlement instructions for which the matching instruction were identified after the relevant ISD Service Cutoff Time (LMFP - Late Matching Fail Penalties).

If the participant who entered the last matching instruction in the system after the relevant ISD Service *Cutoff Time* is also the participant who is responsible for settlement fail in ISD due to lack of financial instruments in the account, both types of penalties may be applied, but not for the same day.
The system administrator collects monthly the net amount of penalties in cash funds that are paid by the participants responsible for settlement fail and distributes it to the participants affected by the settlement fail, according to section 6.2.2.7. of this document.

If in the process of verifying the cause of settlement fail, the lack of financial instruments for a participant is discovered, no verification is made regarding the lack of cash for the counterparty, and the penalty is applied to the participant that caused the settlement fail.

6.2.2.1. *Penalties related to instructions failing to settle until the ISD and which, have not been canceled (SEFP)*

For the case of a settlement instruction that entered the SaFIR system or matched after the Intended Settlement Date (ISD), the system administrator calculates and applies the penalties in cash funds, starting with the ISD.In this case, the penalties shall be calculated and applied daily to the participant who generated the settlement fail, starting with the ISD, until the day the settlement takes place, or until the moment when the operation in question is canceled, their amount taking into account the reason for settlement fail, according to Section 6.2.2.3.- Calculation methodology.

Instructions in 'hold' status not settled on the ISD will be subject to sanctions as follows:

- for financial instruments delivery instructions ‚hold' for settlement, penalties calculated similar to those for lack of financial instruments are applied;
- for funds delivery instructions ‚hold' for settlement, penalties calculated similar to those for lack of funds are applied.

If both instructions in a transaction are 'hold' from settlement during the recycling period, penalties apply to both instructions.

6.2.2.2. *Penalties related to settlement instructions for which the matching instructions were identified after the relevant ISD Service Cutoff Time (LMFP)*

In the case of settlement instructions for which the matching instructions were identified after the relevant ISD Service Cuttoff Time, according to art. 16 (3) of *Commission Delegated Regulation (EU) 2018/1229*, the penalties shall be applied only once, on the date on which the matching instruction subsequent ISD was identified, and shall be taken into account, retroactively, all business days, up to ISD inclusive, as follows:

- the day on which the identification of the matching instruction took place is included, if this identification took place after the Cutoff Time of the relevant services in SaFIR;

- the day on which the identification of the matching instruction took place is excluded, if this took place before the Cutoff Time of the relevant services in SaFIR and, if applicable, the penalties will be applied for operations whose settlement is not possible.

The LMFP penalties are applying to the SaFIR participant which entered or modified the last settlement instruction.

The provisions of this section also apply to instructions 'hold' from settlement for which the matching instruction was identified after the *Cutoff Time* of the relevant service on the ISD.

6.2.2.3. *Calculation methodology*

The system calculates the amount of cash penalties for settlement fail of transactions by applying the appropriate penalty rate to the reference price of the transaction (aggregate market value of financial instruments established for each business day on which the transaction is not settled). The rates of penalties in cash funds are as follows:

Financial instruments penalty rate (applicable when the settlement failed due to the lack of financial instruments)	0.10 basis points
Funds penalty rate (applicable when the settlement failed due to lack of funds)	Official overnight credit interest rate charged by the central bank which issues the settlement currency. If this is negative, rate 0 (zero) applies.

6.2.2.4. *Exceptions*

Cash penalties do not apply for instructions settlement fail in the following situations:

1. Insolvency proceedings have been initiated against the participant concerned. In this case, the penalties shall be applied until the day on which the insolvency proceedings were initiated and the amounts applicable to the penalties applicable to the days before the insolvency proceedings are calculated separately and are not included in the aggregated reports indicated in Section 6.2.2.5.
2. settlement fail cannot be imputed to the participants involved in the following cases:
    - the financial instruments ISIN is suspended from settlement/trading;

- settlement instructions involve the settlement of funds in a closed payment system for settlement on that day; the occurrence of unforeseen events affecting the normal operation of the SaFIR system (cyber attack, SaFIR technical infrastructure failures, etc.).

6.2.2.5. *Reporting penalties*

Penalties calculated in accordance with section 6.2.2.3 shall be communicated daily to the participants in order to enable them to reconcile their own records and, where appropriate, to provide the relevant information to customers by means of two reports, as follows:

- a *daily report* - for reporting penalties in cash funds, which will also include details on how to calculate them and
- an *aggregate monthly report* - indicating the net value of penalties to be paid or collected by the participant concerned.

The *daily penalties report* includes the penalties calculated for the day before the report is generated, is made for each settlement currency and indicates at least the following: parties involved, net value of penalties (calculated as the difference between the amount of penalties to be received and the amount of penalties to be paid per counterparty), type of penalty (SEFP/LMFP), their status, etc.

In the fields that include the value of the penalty, the positive/negative sign has the following meaning:

- if the sign is negative, then the penalty must be paid by the party which received the report and the cash funds will be received by the counterparty mentioned in the report;
- if the sign is positive, the cash funds related to the penalty are to be received by the party which received the report and are paid by the counterparty mentioned in the report.

  dacă semnul este pozitiv, atunci fondurile bănești aferente sancțiunii urmează să fie primite de partea care a primit raportarea și sunt plătite de contrapartea menționată în raport.

The *aggregate monthly report* shall be transmitted on the 14th business day of each month, for the previous month, and shall contain the necessary information to enable the participant to reconcile the information from the daily reports for that month.

6.2.2.6. *Apeealing the penalties*

A participant has the right to appeal the cash penalties it has been imposed, at any time from the moment these were reported by the system until the end of the 10th business day of the following month. If the appeal is rejected, the administrator of the SaFIR system shall inform the participant of the reasons underlying this decision.

Each time an appeal is accepted, the administrator of the SaFIR system shall make a correction to the penalty in question and report that correction on the following business day. Corrections made after the 10th business day of the following month shall be reported on the 12th business day of the month. Corrections made exclusively on the 12th business day of the following month will be reported on the 13th business day, until 15:00 o'clock.

The appeal must contain at least the following information:

- the reference of the penalty and of the transaction for which the penalty was applied;
- ground of appeal - an appeal is admissible if it is based on one of the situations exempted from the application of penalties in cash funds, mentioned in section 6.2.2.4 - *Exceptions*;

6.2.2.7. *Collection and redistribution of cash penalties*

The process of collecting and redistributing penalties is carried out in two stages, respectively:

1. Collection of net amounts from participants that caused the settlement fail, a process initiated by the SaFIR system on the 15th business day of the month, for the previous month; The collection is made by direct debiting the ReGIS or TARGET accounts of the participants concerned, the calculation of the amounts to be payed being made as follows:
   - For Delivery versus Payment transactions, the cash penalties are set in the currency of the transaction, for USD being denominated in RON at the exchange rate published by BNR on the day before collection (on the 14th business day of the month);
   - For Free of Payment transactions, the penalties in cash are calculated exclusively in RON.
2. Distribution of amounts to participants who are entitled to receive payment of amounts that have been collected in the form of penalties in cash, a process initiated by the SaFIR system, on the 15th business day of the month, for the previous month. The amounts collected are distributed to the relevant participants at the latest on the 17th settlement day of the respective month, for each eligible currency.

Distribution is made by crediting the ReGIS or TARGET accounts of the participants concerned, after the full collection of the net amounts from the participants that caused the settlement fail.

7. Waiting queues

In the settlement of operations in financial instruments, the instructions sent by participants are held, as appropriate, in the following waiting queues:

7.1. „Waiting For Matching" queue

The "Waiting For Matching" (WFM) queue contains messages/instructions received and validated by the system related to operations that require double notification, but for which the *matching* has not yet been performed.

Throughout the day, the messages in the "Waiting For Matching" (WFM) queue are continuously checked, in order to complete the *matching*.

The process of identifying the matching instruction ceases upon receiving it, or at the time limit set in the message by the participant.

The queued messages that were not completed the matching are automatically cancelled by the system at the Cutoff Time of the appropriate service (Appendix 7 - SaFIR Timetable). A notification in this respect is transmitted to the sender of the message.

Messages for which the paired instruction in the queue has not been identified are automatically canceled by the system at the end of the recycling period (see Appendix 7 - SaFIR Timetable), a notification to that effect being sent to the sender of the message.

7.2. „Waiting For Securities" queue

"Waiting For Securities" (WFS) queue contains the transactions for which the securities available in the financial instruments booking account of the seller are not sufficient to perform the settlement.

The rule for this queue management is FIFO *(First In First Out)* per each participant, in compliance with the assigned priority class, i.e. transactions are ordered for each participant depending on the time they enter the system and on the priority assigned by the system according to section 6.1.2.

The time when the transaction is considered to have entered the system is the time when the system assigns it the reference number.

SaFIR will process the instructions until the *Cutoff Time*, i.e. the exact moment during the operating day, which the participant can establish (in the message sent to the system) or set in the system as the *Cutoff Time* of the relevant service from the last day of the recycling period in accordance with these *Rules*.

The system will automatically cancel the transactions still held in this waiting queue at the *End of Day* or at the *Cutoff Time* and will send a notification in this respect to the participants.

7.3. „Waiting (for) Funds Confirmation" queue

"Waiting (for) Funds Confirmation" (WFC) queue contains the transactions waiting for confirmation for:

a) settlement of RON-denominated funds from ReGIS or from the settlement bank, as the case may be;

b) settlement of EUR-denominated funds from TARGET;

c) settlement of USD-denominated funds from the seller.

If, after placing in the queue the transactions waiting confirmation for the settlement of RON-denominated funds, the system has not received the confirmation from ReGIS until the *Cutoff Time* as set by participants or the *Lombard Service Cutoff Time*, or from the settlement bank, as the case may be, until the *Free of Payment (FoP) Service Cutoff Time*, as described in Appendix 7 - SaFIR Timetable, it will automatically cancel the queued transactions and will send notifications to the concerned participants. The transactions excluded from the multilateral net position of the participants are exempt, where the instruction is not covered from the reserve SaFIR set up from the participant's settlement account in ReGIS (see section 5.1.1.1.2). Such transactions are identified in the system as DvP transactions and they will be held in the "Waiting (for) Funds Confirmation" (WFC) queue until the participant has sufficient funds to perform the settlement.

After entering the transactions awaiting EUR funds settlement confirmation in the queue, if SaFIR receives from TARGET settlement cancelling messages, SaFIR will automatically cancel the transactions in the queue and will send notifications to the participants involved.

Where, after placing in the queue the transactions waiting confirmation for the settlement of

USD-denominated funds, the system has not received the confirmation from the seller until the end of the settlement period, it will automatically cancel the queued transactions and will send notifications to the concerned participants.

Exceptions are also the eligible transactions for the recycling process, during the entire recycling period.

7.4. „Waiting (for) Deferred Start" queue

"Waiting (for) Deferred Start" (WDS) queue contains information about the operations involving the execution, at a subsequent time, namely:

- second step of Repo transaction;
- DvP transactions relating to settlement of primary market results for the settlement of foreign currency-denominated financial instruments.

Messages are ordered in the waiting queue and processed by the system depending on the hour/date established for settlement and on the time they entered the system.

7.5. „Waiting For Authorization" queue

The "Waiting For Authorization" (WFA) queue contains the operations of collateral execution waiting the authorization for making the settlement

In case a participant changes its quality from a primary or secondary dealer into a participant trading on its own behalf alone, and if it holds securities in the customers' account, all the transactions to be effected for reducing to zero the balance on this account will be held in this waiting queue.

The transactions involving a restricted account will be held in the same waiting queue.

In case of authorizing collateral execution, the authorization will be given manually by the system administrator, based on the backing document submitted by the participant that set up the collateral. No authorization is necessary in the case of collateral set up in favor of the central bank or in favor of net settlement systems.

7.6. „Waiting (for) Suplementary Funds" queue

The "Waiting (for) Supplementary Funds" (WSF) queue contains the transactions whose amounts exceed the limit of available funds for the participants without a settlement account in ReGIS, or for the participants for whom the system manages the settlement ceiling.

Transactions are ordered depending on the prioritiy classes assigned when entering the system. The rule for queue management is FIFO per participant, in compliance with the assigned priority.

The transaction is held in this waiting queue until the participant's settlement ceiling reaches the amount needed for the settlement or until the *Cutoff Time* of the respective service, when all the transactions held in the waiting queue are cancelled by the system and a notification is sent to the participants.

Transactions eligible for the recycling process are exempted during the entire recycling period

7.7. „Waiting Execution Confirmation" queue

The messages for the pledge execution governed by the provisions applicable to the collateral of the *Civil Code* and *Civil Procedure Code* (see section 5.2.5.4.1) sent by the participants receiving the pledges after validation will be held in the "Waiting Execution Confirmation" (WEC) queue.

The messages will be held in this waiting queue until their authorization or cancellation by the system administrator. Cancellation is done based on the request from the pledge beneficiary.

8. The moment of instructions' entry into the system and instructions' irrevocability

8.1. The moment of instructions' entry into the system and instructions' irrevocability

The moment of an instruction's entry into SaFIR, within the meaning of Art. 3, Par. (4) of *Law No. 253/2004*, is the moment when the system identifies the transaction underlying the instructions, by assigning a single identification number (see sections 5.2.1.2 and 5.2.1.3 of the present document)

From the moment of entry into the system, instructions in the system can no longer be unilaterally be revoked by a participant or a third party, as they are protected in accordance with

the provisions of *Law No. 253/2004*, even when opening an insolvency procedure against a participant.

After this moment, the instructions in the system can be revoked only by the system administrator or bilaterally by the participants (for the instructions that went through the *matching* process), according to the *System Rules*. The instructions may be revoked in this way only until the moment of settlement acceptance.

The moment of settlement acceptance is the moment of the irrevocability of the settlement instruction, in accordance with Art. 5 Par. (1) of *Law No. 253/2004.*

The acceptance of settlement of an instruction occurs after the SaFIR receives the confirmation that sufficient liquidity is available for the settlement of funds, respectively the system ensures that sufficient financial instruments are available in the participant's account for the settlement of financial instruments, or that sufficient guarantees are available so that the transaction can be settled.

After the instruction was accepted for settlement, the system will ensure immediately that the instruction will be settled no later than the End of Day of the settlement day. The system will accept for settlement the instructions regarding primary market operations for RON-denominated government securities issues immediately after receiving a confirmation from ReGIS that the funds needed for fully covering the net payment obligations of the debtor participants are available in their account section dedicated to SaFIR.

Other DvP instructions that entered the system will be accepted for settlement by the system only after:

- it received a funds settlement confirmation from ReGIS for RON-denominated payments, from TARGET for EUR-denominated payments or from the selling participant for USD-denominated payments;
- it ensured that sufficient financial instruments are available for performing settlement of financial instruments (reservation of financial instruments was successfully made).

An instruction for debiting the customer’s account of financial instruments does not imply a personal obligation of a participant against the counterparty that issued the instruction, even if the matching was performed, except when in the respective account sufficient financial instruments are available at the time of the debit for performing the debit, as described in section 5.2.1.5 of the present *Rules*.

The provisions of the preceding paragraph do not hinder the imposition of penalty fees in case of insufficient funds or financial instruments, pursuant to section 6.2.2 of the present *Rules*.

8.2. Revocation of instructions by the participants

Participants may request some instructions entered into the system to be revoked under the conditions and until the moments mentioned in the present *Rules*. In order to revoke an instruction, participants will send an adequate SWIFT message, in accordance with the system documentation. The type of the sent message depends on the type of the initially sent message that the participant intends to revoke.

Where SaFIR may process such a revocation request from the participant, it will cancel the concerned instruction and will send the participant a confirmation notification on executing the request.

Where the respective request may not be processed either because the participant is no longer entitled to revoke the instruction or the instruction was already settled, SaFIR will send the adequate notification to the participant (for rejecting the revocation request or for successful settlement).

The instructions that entered the system and do not need matching may not be revoked by the participants, except for the the settlement instructions between the participant and his clients or between the client accounts, which can be canceled by the participant by sending the cancellation instructions for each of the settlement instructions part of the transaction.

8.3. Cancellation of instructions by the system administrator

The system administrator may cancel the instructions until the moment of accepting them for settlement in the following instances:

- automatically, at the adequate Cutoff Time on the last day of the recycling period;
- in an unforeseen event, by observing the applicable legal provisions;
- where the funds settlement instruction was cancelled by the ReGIS system in accordance with its own *Rules*;

- where the funds settlement instruction is canceled by TARGET in accordance with its own *Rules*;
- based on the decision of a competent authority, by observing the applicable legal provisions.

8.4. Finality of settlement

Settlement is final from the moment when the funds settlement accounts and the accounts of the financial instruments of the participants involved have been debited and credited accordingly.

9. Communication means

9.1. Procedures

The participant and the system administrator agree on the fact that services will be provided by the latter (or by his appointed agent) through the communication means described in the present *Rules*. Electronic communication is subject to the provisions referring to data security and communication methods, as laid down in the present *Rules*.

The participants are bound to comply with the applicable methods and procedures, as described in the present *Rules*, collectively referred to as "Procedures", which will be only resorted to in relation to the services and agree on authorizing the system administrator to act in accordance with the procedures, as appropriate, to:

(i) send and display information;
(ii) act consistent with the received instructions;
(iii) order SaFIR to debit and/or to credit the accounts recording the participants' financial instruments;
(iv) initiate payment instructions related to the participants' transactions to the ReGIS and TARGET system.

The system administrator is not bound to follow the received instructions if they were not sent in compliance with the procedures. Nevertheless, if the system administrator, acting at the request of an *Authorized Person*, accepts an instruction sent without observing these procedures,

participants agree they will have obligations arising out of such a special instruction and will not hold liable the system administrator in regard to any loss, obligation, claim or expense (legal costs included) that may arise following the execution of such instruction.

If the system administrator takes any measures other than those agreed upon in the present *Rules* to check the origin or the content of any notification, such supplementary measures must not be regarded as part of the procedures, regardless of the frequency the system administrator resorted to them.

The procedures referring to security, the measures ensuring security, the codes, passwords and other access methods are of highest confidentiality, and participants agree to use and maintain them with the utmost care, and to notify the system administrator immediately after they find a reason for suspecting that any of the above mentioned are or may be compromised.

Participants are made aware of the fact that the security-related procedures supplied by the system administrator serve the purpose of checking the origin of communication, not of identifying the transmission or content errors (including the discrepancies between account names and account numbers), and that the system administrator may execute an instruction which includes only the account number as a reference, even though the account name is mentioned as well.

The system administrator is not bound to find and cannot be held liable for the errors made by a participant or the dual instructions it has sent.

Participants agree on the settlement of any instruction sent on their behalf in accordance with the procedures.

Participants will draft and keep updated adequate internal security procedures and will observe all the security procedures recommended in this field so as to prevent unauthorized use of services.

Where the programs or the infrastructure provided to the participant by the system administrator incorporate security elements (including username, passwords a. o.), the participant will be the only one to be held liable for using such components. The system administrator will take for granted that such programs and/or infrastructures are used by persons authorized to access the respective facilities.

9.2. Communication means used in participants' notifications to the system

In order to send instructions to the system, the following communication means can be used: paper-based writing, SWIFT network and the RCI-IPF network, as set out in the present *Rules*.

Following a request sent by a participant, the system administrator may allow the respective participant to send instructions to the system through communication means other than those referred to in the first paragraph, but as an exception, with a temporary nature, in a discretionary manner and under the conditions set by the system administrator. In this case, the system administrator will take all the measures he considers reasonable and necessary in order to register the instructions in the system, without taking the responsibility as regards the results, deadlines or completeness.

9.2.1. Paper-based writing

In the cases expressly mentioned by the present *Rules*, instructions will be sent to SaFIR in paper-based writing by using either the forms made available to the participants by the system administrator for this purpose or other documents issued by the participants, which have the same form and content as the aforesaid forms.

Notifications in paper-based writing will be sent to the participants in the form and to the address set by the system administrator.

Instructions must bear authorized signatures and comply with the requirements set out in the applicable regulations.

The system administrator reserves the right to refuse to act based on the notifications in paper-based writing that are either illegible or subject to interpretations, or feature obvious errors, informing the participants accordingly.

9.2.2. SWIFT network

In the cases expressly mentioned in the present *Rules*, participants will use the SWIFT network in order to send their own instructions to SaFIR software application.

Detailed information on the types of messages and their structure are presented in:

- *SWIFT Guide*, for ISO 15022 messaging;

- *MyStandards*, section – SaFIR (*https://www2.swift.com/mystandards/#/group/National_Bank_of_Romania/SaFIR*), as occasionally amended and published on the SWIFT website, for ISO 20022 messaging.

Each participant closes an individual contract with SWIFT SC Belgium in order to utilize the SWIFT services that are required in order to participate in the SaFIR system. The legal relationship between the participant and SWIFT is exclusively governed by the terms and conditions of SWIFT SC Belgium. In addition, each SaFIR participant must participate in the *Closed Users Group (CUG)* related to the SaFIR system.

The services provided by SWIFT SC Belgium are not included in the services provided by the NBR in relation to the SaFIR system.

NBR is not responsible for the actions, errors or omissions of SWIFT SC Belgium (including its directors, staff and subcontractors) as a SWIFT service provider or for the actions, errors or omissions of network providers chosen by participants to access the SWIFT network.

The use of such communication method will strictly comply with the procedures and the forms described in the system documentation, which is an integral part of the present system rules, as well as with *SWIFT documentation*.

9.2.3. RCI-IPF network

In the cases expressly mentioned by the present *Rules*, participants will use the RCI-IPF network in order to send instructions to SaFIR.

The use of such communication method will be subject to the application of and will strictly comply with the *Rules* and the *Procedures* set out in the *User guides for the messages sent through the RCI-IPF network* for the respective interface (Accounting Department, Market Operations Department, Issuer (Ministry of Finance), Participants, clearing houses) which are an integral part of the present *Rules*, as well as with the documentation provided by the administrator of RCI-IPF network.

9.3. Communication means used in SaFIR notifications to Participants

Confirmation of settlement and the statement of account will be notified via SWIFT in accordance with the present *Rules*.

SaFIR sends to participants a confirmation of matching for their instructions, via SWIFT, as soon as it takes place.

ISIN codes of the new issues of financial instruments admitted into the system will be published in the issue prospectus and may be accessed by the participants directly from the system.

Lists, messages and urgent notifications will be sent by facsimile.

10. Reports, enquiry facilities and reconciliations

10.1. Reports and enquiry facilities

SaFIR will provide participants with information on:

- the balance on the accounts recording the financial instruments opened on their behalf in SaFIR;
- transactions performed through the accounts recording the financial instruments opened on their behalf in SaFIR;
- their own transactions held in the waiting queues.

The specifications relating to the format of the messages and the content of reports are detailed in the the system documentation.

Other regular, ad-hoc or on-request reports, for which the participants do not request an official version, may be viewed on screen and thereafter printed, at any time. Such reports, unlike the official ones, do not bear a digital signature and the system administrator cannot be held liable for the accuracy of these reports.

If the participants wish their reports be delivered officially, they may request their reports sent by the system be digitally signed.

All the unofficial reports will contain the following disclaimer: “These documents are not official unless digitally signed. A digital signature can be requested by ticking the appropriate box on the screen. The responsibility as to the accuracy of this report does not lie with the system administrator if it is not digitally signed, in accordance with the legislation in force.”

SaFIR may provide the participants with reports other than the regular ones against payment.

10.2. Reconciliation between the Participants and the System

10.2.1. Daily reconciliation

At the *End of Day*, the Participants must reconcile with SaFIR the information regarding the holdings in their accounts, in accordance with the provisions of the *User guide for the messages sent through the RCI-IPF network relating to the interface with the Participants*.

SaFIR analyzes the potential discrepancies and inconsistencies between the information sent by participants and that registered by the system and, if applicable, the SaFIR administrator attempts to solve them until the Start of Day of the next business day's settlement session. If the discrepancies and inconsistencies cannot be solved within the aforementioned period, the system administrator may suspend a certain issue of financial instruments until the situation is corrected, the suspension being mandatory in the situation of non-resolution until the End of Day of the next business day. The SaFIR administrator will inform all the entities involved regarding the suspension of the issue of financial instruments.

10.2.2. Monthly reconciliation

On the first operating day of the current month, secondary market intermediaries must send to SaFIR the report for the preceding month as regards the securities held in its customers' accounts, as follows:

(i) total turnover;
(ii) number of instruments;
(iii) total market value and percentage of transactions, broken down by individuals/legal entities, residents/non-residents.

The potential discrepancies between the information sent by participants and those registered by SaFIR will be subject to analysis and reconciliation, and the result thereof will be accessible to the participants.

10.2.3. Reconciliation with NBR

NBR receives from SaFIR at the *End of Day* the information necessary to record in its own accounting system the assets held in custody on behalf of the participants in the system and the information related to the operations with financial instruments performed by the central bank.

11. Pricing

11.1. General provisions

For services provided to the participants to the SaFIR system, NBR, as a system administrator, shall charge fees in accordance with the provisions of this section and of Appendix 9.

The pricing applied by SaFIR is aimed at covering the costs arising from system operation, development and maintenance.

NBR, in its capacity as system administrator, may apply the following fees for the participation in SaFIR:

a) processing and settlement fees;

b) notary service fees;

c) central maintainance fees;

d) fees applying to SWIFT messages generated by SaFIR.

The fee applies to both parties involved in the operation except for the operations in which only the initiator is charged, namely:

- intraday repo with the central bank;
- bank-customer operations;
- unilateral cancellation of step two of a reverse sale/purchase transaction concluded on the basis of the *Global Master Repurchase Agreement (GMRA) Protocol*;
- for participants conducting operations through a settlement bank, fees will be collected through the ReGIS account of the settlement bank.

Fees, as well as their implementation, may be changed by the system administrator on condition that a prior notification is sent to participants, within 30 days at least before their entry into force.

11.2. Discounts and incentives

NBR, in its capacity as system administrator, may apply discounts to each type of instruction, for higher volumes of instructions processed and/or settled in SaFIR.

NBR may apply incentive pricing to encourage early submission of instructions to SaFIR at certain time intervals.

If other incentive pricing is applied, NBR will notify the participants about the level and the applicable parameters.

11.3. Billing reports

Each participant will receive a monthly electronic bill detailing the fees charged by the system administrator in relation to participation in the system.

The fees due to the system administrator by a participant that are calculated in accordance with sections 11.1 and 11.2 of this document, are charged monthly through direct debit of the respective participant's settlement account, within 5 banking days from the issuance of the bill.

For information purposes, participants can choose to receive via secured e-mail intermediary bills on a daily, weekly or monthly basis, on the fees charged until that moment.

12. Compliance with the requirements set out in the SaFIR System Rules

12.1. General provisions

Each participant will ensure the assessment of compliance with the functional, technical and organizational requirements, including security requirements laid down in the present *Rules*.

The system administrator may require the participants to submit audit reports and any other working documents underlying the assessment of participants' compliance with the requirements laid down in the previous paragraph. In this regard, NBR may require the participants to provide additional information on their transactions, collateral management, etc.

The system administrator is entitled to examine the procedures used by participants to assess their compliance with the above-mentioned requirements and to contact the auditors of the participants.

The National Bank of Romania will ensure auditing of its own activities, including those delegated to third parties, if applicable.

12.2. Annual assesment

Each participant in SaFIR must submit to the system administrator a yearly compliance audit certificate until the 1st of March of the current year for the previous calendar year. The form of the yearly compliance audit certificate is shown in Appendix 10 to the present document, certifying the safety and operational reliability of its own infrastructure.

The participants that entered the system in the final quarter of the previous calendar year are not required to send the assessment.

The above-mentioned assesment must be signed by the managers of the participant or by two duly authorized representatives of the participant.

Central depositories that do not carry out their activity on the Romanian ground will complete annually a questionnaire that addresses the issue of cross-border risks, which would result from the connection with the SaFIR system, through which aspects of legal and governance, technical or related a continuity plan and how to test it are verified.

12.3. Preservation and archiving of documents

The system administrator and the participants must comply with the regulations applicable in Romania concerning the preservation and archiving of documents as regards the storage devices and the duration of the preservation.

All data on securities issues outstanding are accessible on-line in real time for at least one year from redemption date, or for a longer time period if the system administrator so decides.

13. Audit trail

SaFIR provides comprehensive audit trails, which can be made available to participants, upon request, by the system administrator.

The system administrator, is entitled to analyze all the activities carried out in the system, but access to audit trail data is restricted by the user profile.

Where auditors or any other legal person wishes to access data about a participant, the system administrator will require a certified copy of a Board decision from the participant (or the equivalent management body) authorizing access to the respective data.

The audit trails in SaFIR provide information:

a) at application level, showing the path of instructions through the system, the source of all changes to data in the instructions and in databases, and proving that all transactions received have been processed. The data entered by users and those approved for all actions are recorded and are visible on the relevant screens;

b) at participant level, showing details of all transactions related to a certain participant;

c) at user level, giving a record of all accesses to the system and the actions of users, keeping track of the user's actions and showing which users have acted in relation to any particular transaction. These elements form part of the technical audit trail known as the system log;

d) at technical level, providing a secure record of the technical functioning of the system, recording access to system modules and technical events in detail. This audit trail is referred to as the system log;

The main audit tools, apart from standard reports, are as follows:

a) a facility to list all transactions for SaFIR from on-line history files within the system for three months and, for at least two years, from the database;

b) a facility to request from the system administrator user defined reports for audit purposes based on statistical and other tables in the database.

The system administrator may levy commission for the production of special reports.

14. Error handling

14.1. General provisions

In the case of a technical failure of a participant which compromise the generation and/or the reception of instructions in/from SaFIR for more than one hour during the operating day and 30 minutes after the Start of Day, a participant must inform the system administrator immediately

The participant may request its suspension from SaFIR if the technical failure persists. Both the suspension request and the request for lifting of such a suspension must be sent in writing by the respective participant to the system administrator.

NBR will inform the participants in the case of a technical failure of SaFIR compromising its functioning for more than 30 minutes during the day and for 15 minutes after the Start of Day.

The information can be exchanged via free formatted SWIFT messages, secured e-mail, authenticated fax and/or phone calls. Notifications in writing may be requested by the system administrator for confirmation.

14.2. Telecomunicaţiilor failure

Participants can send settlement instructions via SWIFT messaging or via the graphical interface of the SaFIR system, in compliance with the four-eye principle.

Where the connection of a participant to the SWIFT network breaks down, the participant has to start immediately a new connection via their fallback line.

If the participant is still unable to send settlement instructions, it will notify NBR to execute SWIFT instructions on its behalf in accordance with the *Procedure for ensuring the continuity of operational activity for SaFIR participants, by the NBR*.

14.3. SWIFT network failure

Where the connection of SaFIR to the SWIFT network breaks down, the NBR will start a connection from the secondary (back-up) site.

Where the connection to the secondary (back-up) site is not available, the system administrator will immediately notify the participants and send them instructions on the applied procedure.

14.4. RCI-IPF network failure

The inability to access the central application via the RCI-IPF network due to network failure will be a contingency event only when such inability prevents the exchange of messages and the settlement and only if the system administrator notifies the participants about this failure.

In this case, participants may continue to initiate and receive payments in/from SaFIR via the SWIFT network.

The system administrator may send to participants instructions on operation in such conditions.

14.5. SWIFT environment authentication errors

In the event of an authentication failure, the recipient must verify the authenticity of the message and attempt to re-authenticate. If the failure persists, the participant must inform without delay the other parties concerned.

SWIFT authentication keys must be restored from the backup, first on the side of recipients and then on the side of the other concerned parties.

If the failure still persists, the participant will send a query to the SWIFT in order to get assistance to correct the failure.

15. Contingency (unforeseen) events

A contingency (unforeseen) event is any event which perturbs or collapses the normal operation of SaFIR, affects the ability of the participant to participate to the normal and usual extent in sending and receiving payment instructions and in accessing SaFIR, so that it becomes necessary to apply some special procedures or the Disaster Recovery Plan, as appropriate, existing at the level of the participant, respectively of the NBR.

The SaFIR system administrator applies and maintains an adequate business continuity policy and disaster recovery plan in order to ensure continuity of services, fast resumption of operations and fulfillment of obligations in case of events that present a significant risk of disturbing the operations. The plan includes the existence of a second processing facility, with adequate resources, capabilities and functionality.

The system administrator will have alone the right in its sole discretion to determine and warn the participants that a contingency event has occurred.

The occurrence of a contingency event may entail the transfer of operations to the alternative site of the system and/or running SaFIR in stand-alone mode, without communication links to other systems.

In the case of a contingency event, participants will apply the procedures indicated by the system administrator regarding the operation in such conditions.

The alternative facilities available to participants and their obligations in relation thereto are set forth in the disaster recovery procedures or other similar procedures communicated to participants by the system administrator at that time.

16. Help Desk

The system administrator will make available a Help Desk to participants, in order to provide support for the different types of problems related to the operation of SaFIR.

The system administrator will centralize and monitor all the information and support requests, as well as the problem reports.

Help Desk contact details are:

Phone: 031 132 36 50

E-mail: helpdesk-SEP@bnro.ro

Portal ServiceDesk in the RCI-IPF secured network: https://servicedesk.sep.bnr.ro

Help Desk is available to participants for operational and connectivity requests throughout the operating day, according to the SaFIR Timetable.

Participants may lay complaints about any service provided by the SaFIR system administrator. A notification may be filed at the headquarters of the NBR or sent by post/e-mail together with all the documents and information attesting the issues referred to in the notification in accordance with the provisions of section 24. From the moment of the filing of the notification, the response time is 30 days, calculated from the date of its registration. If the issues identified require more in-depth research, the system administrator will inform the participant of the causes of the delay/phase of solving the notification, and the final response time may not exceed by more than 15 days the 30-day deadline from the registration of the notification.

If the information or documents made available to the system administrator are incomplete and/or unclear, the latter shall require the sending participant to complete and/or clarify the information and/or documents submitted. In this case, the 30-day deadline will begin to run from the time the system administrator receives all the necessary information and documents from the submitting participant and they have clear content.

17. SaFIR Users' Commitee

The SaFIR Users' Committee ensures cooperation and communication between the SaFIR System users, between them and the system administrators, in order to better understand the market needs and, at the same time, to facilitate the implementation of changes in the system.
It functions as an advisory body, based on the Rules on the organization and functioning of the SaFIR Users' Committee.
Users of the SaFIR system are thus consulted on operational and functional issues related to the system, in accordance with the provisions of *Regulation (EU) 909/2014.*

18. Provisions relating to security, confidentiality, personal data protection and archiving

The information processed in SaFIR is governed by the legal provisions on bank secrecy and protection of personal data processing and free movement of such data.

Participants are deemed to be aware of and comply with all their obligations regarding data protection legislation, money laundering prevention, prevention and combating the financing of terrorism, the implementation of international sanctions, in relation to nuclear activities with proliferation risk or development of nuclear weapon delivery systems, in particular regarding the implementation of appropriate measures on any payments settled through payment systems.

Participants must have adequate internal procedures to ensure their transactions are not aimed for the purpose of fraud, money laundering, corruption or other illegal activities.

18.1. Security

The procedures to ensure security, the security devices, codes, passwords and other access control methods are confidential and the participants are required to use and protect them with the utmost care and immediately notify the system administrator if they discover or have reason to suspect that any of the above is likely to be compromised.

The participants are solely responsible for the use of computer applications and equipment (software and hardware) that incorporates security features, including IDs, passwords and other such related items for the use of SaFIR. The system administrator is entitled to assume that such applications and equipment are used only by those persons authorized to have access to these facilities.

The procedures to ensure security within the SaFIR system are intended solely to verify the communications source and not to detect the transmission or content errors or the discrepancies between the name of the customer and his account number. The participant is obliged to ensure that the devices and methods of security and authentication are used only by the persons to whom they have been allocated.

The participants will establish and maintain adequate internal security procedures, according to the requirements in the document entitled "*Requirements for the technical certification of participants in the ReGIS/SaFIR System*" and shall comply with all the security procedures in the field with a view to preventing the unauthorized use of SaFIR services.

The participants are responsible for ensuring the adequate protection of payment instructions within their internal systems and for the circuit of payment instructions until their transmission to SaFIR and after their receipt from SaFIR respectively.

18.2. Confidentiality of documents

The *SaFIR System Rules* are the property of the NBR, in its capacity as system administrator.

The participants will observe the confidentiality of the above-mentioned Documentation, restrict the access of their own staff to the Documentation (on the basis of a confidentiality clause), and use it appropriately and only for the purpose of carrying out their activity, also after the termination of participation in the system.

Eligible institutions under Section 2.1.1, except those listed under c) and d) will be able to disclose the content of the documentation to legal advisers/lawyers who will draft the legal opinions mentioned in Appendix 12, only to the extent that such information is necessary for the drafting of the above-mentioned opinions and only on condition that in the contracts concluded between the respective institutions and their lawyers/legal advisers there will be inserted provisions regarding the maintaining of confidentiality of the content of the documentation equivalent to those provided in the present *Rules*.

If the information is or becomes accessible to the general public, it is exempted from the obligation to maintain confidentiality.

In the case of any breach of this obligation, the participants will immediately notify the system administrator and take measures to limit damages as soon as possible.

18.3. Protection of personal data

The participants, users and access administrators authorize the transfer by the NBR to staff/agents of the NBR and third parties selected by any of the above entities, wherever situated/located, of the information needed to ensure the SaFIR service delivery to participants, while maintaining the confidentiality and the banking secrecy.

The participants will notify the customers that they employ SWIFT services for processing their operations through ReGIS and SaFIR and that SWIFT processes personal data in accordance with its extraction policy as shown on www.swift.com.

NBR is not responsible for the manner in which the participants and SWIFT, as a provider of electronic messaging services for the system participants, comply with the national and European Union legislation on the protection of individuals with regard to the processing of personal data and free movement of such data (including the obligations herein) and the decisions of the competent authorities in the field.

The participants are liable to the senders and/or beneficiaries, natural entities, of operations for failure to comply with the provisions under the national and European Union legislation on the protection of individuals with regard to the personal data processing and free movement of such data, as well as to the relevant competent authorities in the field for observing their decisions.

18.4. Preservation and archiving of documents

The NBR and the participants must comply with the national legislation on the preservation and archiving of documents, their format and retention time.

19. Penalties for breaking the *Rules*

Where the system administrator finds that participants fail to comply with the *Rules*, it may impose the following penalties in relation to the gravity of the violation:

a) written warning;
b) suspension of participation in the system;
c) deletion of that participant from the system.

20. Amendments to the SaFIR System Rules

The NBR, in its capacity as system administrator, may unilaterally amend the present document whenever it deems necessary, including the appendixes to the present document, as well as the *Documentation*.

The system administrator will notify participants about the amendments to the technical requirements with impact within 30 days at least before the date of their entry into force, which will be specified in the said notification.

The system administrator will notify participants in due time about other amendments related to system operation, which will enter into force as part of the *System Rules* on the date specified by the system administrator.

The amendments are deemed to be agreed upon by a participant if that participant further has access to SaFIR, in compliance with the provisions of section 2.8.2, by notifying the system administrator in writing within 10 banking days at most before the date the said amendments enter into force.

21. Acceptance of the SaFIR System Rules

Acceptance of the *SaFIR System Rules* is achieved by filling in and signing two copies of the SaFIR Accession Agreement, by the authorized persons to represent the entity requesting access to SaFIR and sending it to the system administrator.

The Accession Agreement template is provided in Appendix 2 to the present document.

If the applicant institution is an eligible institution and meets the participation requirements according to the present document, the system administrator will sign the Accession Agreement and specify the date on which the applicant institution is accepted as participant in SaFIR. The participant may start submitting instructions to the system starting from the date specified by the system administrator in the Accession Agreement.

The National Bank of Romania will send a countersigned copy of the Accession Agreement to the relevant participant.

22. Notifications

Unless otherwise agreed, any notification required from SaFIR participants in compliance with the *SaFIR System Rules* will be sent by mail, secured e-mail, authenticated fax or courier and will have effects only after acknowledgement of receipt.

Any notification will be sent to:

National Bank of Romania

25 Lipscani Street, sector 3, 030031 – Bucharest

Payments Department – SaFIR Division

Fax: +40-(0)21-315.80.72

Tel.: +40-(0)21-307.00.70

E-mail: contact.safir@bnro.ro

Secured e-mail: admin.safir@sep.bnr.ro

or to any other address, phone number/fax or secured e-mail, notified by the NBR in writing to participants.

Appendix 1 - Glossary of terms

This Glossary is for information purposes only. It is meant to give participants a better understanding of the terminology employed in SaFIR System Rules. In some cases, the use of certain terms in the rules may differ from their use in another context. The definitions set forth in this Glossary are not legally binding.

Acceptance (for settlement):	The stage at which a transaction becomes irrevocable from the point of view of participants, third parties and of the system. It signifies that a transaction has passed all tests determining whether there are sufficient financial instruments and funds, or sufficient guarantees for the transaction to be settled.
Account omnibus:	Account recording financial instruments positions, opened in the SaFIR system on behalf of a participant, which cumulatively reflects the holdings of own clients that are not separately recorded under individual accounts of clients.
Account individual:	Account recording financial instruments positions, opened in the SaFIR system on behalf of a participant, which individually reflects the holdings of any of its own customers, as requested by the respectiv participant.
Appropriation of guarantees:	Method of execution, consisting in appropriating/taking over the financial instruments constituted as guarantees in the SaFIR system.
Authenticated documents:	A document (report, fax, letter or e-mail, etc.) bearing a code or a signature confirming that the source of the document is authentic, so that the recipient can therefore act according to the instructions provided, as it is confident the instructions are genuine.
Authorized person:	Person authorized to access data and submit instructions related to accounts, transfers and other financial operations, through electronic means, and/or person appointed to access such data and send instructions on the participant's behalf, related to services and pertaining restrictions, if applicable.

Available funds:	Funds available to a participant in the latter's settlement account opened in ReGIS or in TARGET to meet any immediate payment commitments.
Bank Identifier Code (BIC)	A single address that identifies precisely the financial institutions involved in international financial transactions. It consists of eight or eleven characters, grouped as follows: 4 characters for the bank code, 2 characters for the country code, 2 characters for the location code, and 3 characters (for institutions lacking a direct connection or interface with the SWIFT network) for the branch code. BICs are assigned and managed by SWIFT.
Benchmark issues:	Government securities issues with standardized features allowing for the carrying out of reopening operations, i.e. those primary market operations increasing the nominal value of benchmark government in circulation.
Certificates of deposit tender service:	A service made available to participants, for processing the gross settlement of placements of certificates of deposit admitted into the system.
Clearing House:	A central location or central processing mechanism through which financial institutions agree to send payment instructions or other financial obligations (e.g. securities) and to realize their settlement in accordance to the rules of the specific clearing house.
Critical service provider	A service provider that a central depository/financial market infrastructure is based on to ensure the essential service aspects that, if disrupted, may have a negative impact on the stability of the financial market
Cut-off time:	The time by which the processing of certain operations is allowed. It may be set either by participants, by specifying it in the instruction sent to the system, or by the system, for processing various types of instructions within the related services.
Delivery versus Payment (DvP):	The *principle* which ensures the final (and irrevocable) settlement of a securities transaction to be carried out through the irrevocable and unconditional transfer of securities from seller to buyer if and only if

	an irrevocable and unconditional fund transfer is carried out from buyer to seller. The *mechanism* which ensures that securities delivery occurs if, and only if, payment occurs. Type of transfer carried out in compliance with the DvP principle.
Delivery versus payment service:	The service provided by the system to participants, for processing instructions related to delivery versus payment (DvP) operations. Participants may send DvP instructions, which will be processed by the system, solely during the active period of this service.
Documentation:	Any documents provided by the system administrator, which are an integral part of the System Accession Agreement, which include but are not limited to: *SaFIR System User Manual*, procedures and technical documents provided by the system administrator (Materials), including the *SWIFT User Guide* and the instructions for the use of messages transmitted via the RCI-IPF network related to that interface, *Nomenclature of messages sent by SaFIR using secured e-mail*, *Requirements for technical certification of ReGIS participants//SaFIR*, *Workstation configuration for connection to the ReGIS/SaFIR system*, technical specifications regarding the interfaces, *Information security policy applicable to payment systems and settlement systems operated by the National Bank of Romania*, MyStandards, SaFIR section (https://www2.swift.com/mystandards/#/group/National_Bank_of_Romania/SaFIR) etc.
End of Day:	The time, specified in Appendix 7 to the system rules, as of which operations are no longer processed within the system and the servers are shut down.
End-of-day Service:	Service during which the system automatically generates SWIFT reports to participants.
Eurobond	Eurobonds: Foreign currency-denominated government securities issued by the Ministry Finance on foreign markets.

IFI bonds	RON-denominated bonds issued by international financial institutions (IFIs) both on the Romanian capital market and on international markets, deposited with the Euroclear, Clearstream and/or RoClear systems, which can also be traded simultaneously on the Romanian capital market. IFI-RO bonds are IFI bonds brought in SaFIR from the RoClear system administered by S.C. Depozitarul Central S.A., while IFI-EU bonds are IFI bonds brought in SaFIR from the systems administered by Euroclear Bank SA/NV and Clearstream Banking SA through direct connections with these depositories.
FIN:	A SWIFT-provided store-and-forward messaging service which includes message validation to ensure that messages are formatted according to SWIFT message standards, delivery monitoring and prioritization, message storage and retrieval.
First In First Out (FIFO):	A waiting queue management system ensuring the chronological processing of payment instructions, so that the first received transaction in each participant's waiting queue is the first one to be processed.
Free of payment delivery service:	The service provided by the system to participants, for processing instructions related to *free of payment* (FoP) delivery operations. Participants may send FoP instructions, which will be processed by the system, solely during the active period of this service.
GMRA (Global Master Repurchase Agreement):	The framework contract for reversible sale-purchase transactions with government securities, which represents the standardized contractual framework used internationally for reversible operations with financial instruments.
Haircut	Risk control measure used in granting standing facilities, implying that the central bank calculates the market value of collateralized eligible securities reduced by a certain percentage (margin), as prescribed by the NBR.
Instant payments	Electronic retail payment solutions, available 24 hours/day for 7 days/week, resulting in immediate or almost immediate clearing of

	the transaction and crediting the beneficiary's account, informing the payer (within seconds of initiating the payment transaction).
Intended settlement date (ISD):	It represents the date on which the participant expects the instruction to be processed.
Interest/coupon date:	Final date of the interest/coupon period by which interest accrues.
Intermediary on the secondary market:	A participant authorized to operate on the secondary market for government securities, according to applicable regulations (secondary intermediary).
ISIN	Single identifying number (code) for a certain security issue, assigned according to the ISO 6166 international standard.
Legal Entity Identifier	Code that uniquely and clearly identifies key information belonging to legal entities that are involved in financial transactions (LEI - Legal Entity Identifier). It consists of 20 characters and is assigned according to ISO 17442.
Lombard service	The service provided by the system to participants for processing the instructions related to the Lombard credit facility. The Lombard service start time is the moment when the registration procedure for the operations related to the Lombard credit facility is initiated. The participants may send their instructions to set up the collateral related to Lombard credits as late as the Lombard Service cut-off time.
Multilateral net settlement position:	Balance comprising the participants' net debit and credit positions, duly calculated by the system and sent to ReGIS, based on which reserves for the settlement of SaFIR instructions are set and usedin the participants' ReGIS settlement accounts.
Net settlement instruction:	Instruction sent by SaFIR to ReGIS requesting funds transfer related to securities transactions within the system, by debiting the accounts of participants in a net debit position and crediting the accounts of participants in a net credit position, as results from the system-calculated multilateral netting.

Net settlement system:	A payment system or a financial instrument settlement system through which the net positions of clearing participants are calculated.
Operating day:	The calendar day on which the SaFIR system operates in order to process and settle settlement instructions, in compliance with the provisions of *Norm no. 2/2023 regarding the period allowed for the interruption of the activity of financial market infrastructures and monetary and foreign exchange markets*.
Non-working day:	A day when the system is not operational and does not process the participants' transactions.
Operating agent:	An entity designated by a participant, acting on its behalf, with the purpose of transmitting all the instructions related to the operations in financial instruments.
Working day:	A day when the system is operational and processes the participants' transactions.
Payment instruction:	Instruction issued by SaFIR to settle the funds relating to a securities transaction.
Primary dealer:	A participant authorized to operate on the primary market for government securities, according to applicable regulations.
Primary market:	All the operations related to the issuance by the MF of government securities and their placement in order to raise the available financial capital over the short, medium or long term.
RCI/ICN	The Interbank Communication Network (**RCI/ICN**) is an electronic financial data transmission system that provides the communication infrastructure for the banking system applications managed by NBR with specific features in terms of operation and operation, respectively the attributions of each participant within.
RCI-IPF	Virtual network built within the ICN, primarily designed for trafficking in the financial market infrastructure (FMI) operated by NBR (currently ReGIS and SaFIR systems), as well as the secured e-mail used by the participants in the two payment systems.

Reference Date (RD):	The date set by the issuer in the issue prospectus on which the system identifies participants holding the financial instruments related to a certain issue, with a view to effecting coupon or interest payments or the scheduled redemptions.
ReGIS:	The national (Real-Time Gross Settlement – RTGS) system of payments in domestic currency provided by the NBR.
Reserve in the ReGIS settlement account:	Funds available in the corresponding section of a participant's ReGIS settlement account, intended as collateral for the settlement of the payment obligations or securities transactions of the said participant or of the third party on whose behalf it performs the settlement, in relation to the system whose instruction is guaranteed. ReGIS resorts to these reserve funds if the available funds in the participant's account are insufficient for settling the instruction pertaining to the system that settles through ReGIS.
Secondary market:	All operations with government securities that take place between the holders of these financial instruments..
Settlement agent:	An entity that makes settlement accounts available to ReGIS and/or TARGET participants, by means of which the system payment instructions are settled, and which can extend loans to participants for settlement purposes.
Settlement bank:	A credit institution participating in the relevant payment system which undertakes to settle the payment obligations of a SaFIR participant that does not hold a funds settlement account.
Trading ceiling service:	The service provided by the system to participants for the sole purpose of settling tenders, allowing settlement banks to set or modify the settlement ceilings, only until the *cut-off time* of this service, so as to ensure that participants, brokerage services companies (SSIFs), are not excluded from the clearing process. When this service is active, the system calculates (and potentially recalculates) the net position for each settlement bank/SSIF. At the *cut-off Time* of this service, the system sends instructions to ReGIS for the reservation of funds, according to the net positions calculated

	for each participant and depending on the value of settlement ceilings at the time.
Trading ceiling:	Maximum debit position that a participant may undertake, as calculated by the system, during the unfolding of operations within the system, representing the limit within which the settlement bank assumes the obligation of settling on its own account – on behalf of the respective participant lacking a ReGIS settlement account – the funds related to transactions performed by such participant in SaFIR. Settlement ceilings will be notified and calculated only for those participants that do not have accounts opened in ReGIS.
Settlement:	An act that discharges obligations in respect of funds or securities transfers between two or more parties. It marks the completion of a transaction, by transferring funds from the buyer to the seller and transferring securities from the seller to the buyer. This involves the adequate updating of the participants' settlement and securities accounts.
Start of business day:	The actual timing, mentioned in Appendix 7 to the system rules, as of which participants may send messages to the system, to be processed during the day, according to the system rules and abiding by the applicable legislation.
System administrator:	The entity which is legally responsible for the system management and operation, and which establishes the system rules.
TARGET	(acronym for ***T****rans-European* ***A****utomated* ***R****eal-time* ***G****ross Settlement* ***E****xpress* ***T****ransfer System*) is real-time gross settlement (RTGS) system for EUR payments, provided by the Eurosystem.
TARGET-Romania	The national component (in Romania) of the TARGET system.
Tender date/public subscription date (T):	Date on which a financial instrument placement (tender or subscription) occurs, so as to finalize the adjudication thereof by participants.
Tender service:	A service made available to participants, for processing the net settlement of government securities public placements admitted into the system and the payment events due for settlement on that

	same day. When this service is active, the system performs any recalculations of the settlement balances comprising each ReGIS participant's/settlement bank's net positions and sends the net settlement instructions, within the limit of reserves set up in ReGIS, as confirmed by the latter. At the *cut-off time* of this service, the system automatically generates the gross settlement instructions for government securities excluded from the multilateral net settlement balance.
Tender with intraday settlement:	The service provided by the system for receiving and processing (during the time it is active) the files with public placements with intraday settlement, as submitted by the Ministry Finance.
Token:	An electronic signature creating device fulfilling all the requirements laid down in Art. 4 para. 8 of Law No. 455/2001 on the electronic signature.
Transfer free of payment (FoP):	A securities transfer that does not involve a funds transfer between two participants. The system also treats as FoP transfer an operation involving a funds transfer, yet between the accounts of the same bank (the DvP principle is observed at participant level).
Unforeseen event:	a) Processing or communication breakdown or any other technical malfunction; b) Temporary or partial failure of the facilities for sending and receiving instructions; or c) Actions that affect or might affect normal participation in instruction sending/receipt. Any other incident or situation specified by NBR as unforeseen.
User:	A staff member of the participant that is authorized, in accordance with the present document and with the said participant's regulations and procedures, to use the SaFIR system facilities, after having been assigned a smartcard/token, a PIN code, a username and a password.
Value date:	Date on which payment events and/or public placements (tenders or subscriptions) are settled, according to the issue prospectus.

Waiting queue:	A series of instructions comprising all payment instructions pending the accomplishment of certain requirements in order to be further processed by the system. The system manages several types of waiting queues with specific functionalities. A facility provided by the system for pending participant instructions until all requirements for further processing are either met or cancelled.

Appendix 2 - SaFIR Accession Agreement

Concluded between:

The National Bank of Romania, headquartered 25 Lipscani Street, sector 3, 030031 - Bucharest, duly represented by (*Name of the representative*), as Director of the Payments Department and by (*Name of the representative*), as Director of the Accounting Department, in its capacity as system administrator of SaFIR

and

(*Name of applicant institution*), with the registered office/business office in (*Address of the registered office/business office in Romania*), duly registered with the Trade Register under number *(Number*), tax code/single registration code (*Code*), duly represented by (*Name of the representative*), as (*Position of the representative*) and by (*Name of the representative*), as (*Position of the representative*), contact person (*Full name*), phone number (*Phone number*), fax (*Fax*), e-mail address (*E-mail*), in its capacity as participant in SaFIR.

I. PARTIES' OBLIGATIONS

1. The participant undertakes to:

1.1 fully observe and comply with *SaFIR System Rules* and the related *Documentation* as they were communicated by the system administrator. In the content of this contract, the phrase "*SaFIR System Rules*" means the document entitled *SaFIR System Rules* and the *Documentation*, with all modifications and completions operated by the NBR, in its system administrator attribute;

1.2 fully comply with the procedures communicated by the system administrator and with the instructions of the system administrator or other persons authorized to carry out activity on its behalf;

1.3 observe the system security requirements and take all measures to prevent unauthorized persons from accessing the system in accordance with the *SaFIR System Rules*;

1.4 maintain the operating status of technical devices required to access the system (hardware, software, communication networks, related infrastructure);

1.5 not affect the overall efficiency of SaFIR, by ensuring functioning at optimum parameters and correct operation of its own system;

1.6 notify within the shortest delay the system administrator or the persons authorized to carry out activity on its behalf about any operational failure which affects or may affect participation in the system;

1.7 authorize the system administrator to manage its settlement account(s) opened in SaFIR for the purpose of adequate operation of the system;

1.8 ensure the access of its users to *SaFIR System Rules*, as well as their compliance with such rules, particularly with provisions which apply directly to users;

1.9 comply with the collateral execution provisions set forth herein, including for collateral set up for the settlement of net multilateral positions in payment systems ensuring fund clearing, as well as collateral related to securities operations;

1.10 the participant acting as a settlement bank for a brokerage company will notify the system administrator about it.

1.11 in the situation referred to at section 1.10, the participant undertakes to comply with section 4.2.1 Settlement ceiling from *SaFIR System Rules*.

2. The system administrator undertakes to:

2.1 observe *SaFIR System Rules* and the *Documentation*, as well as their application procedures, in order to ensure the normal operation of the system;

2.2 provide the services laid down in section 5.2.5 *Pledge agreements* according to the *SaFIR System Rules*;

2.3 observe the instructions provided by persons authorized to represent the participant and act in accordance with such instructions, in keeping with *SaFIR System Rules*;

2.4 archive the messages, payment instructions and documents sent to and received from participants or generated by the system, required by the prevailing law.

II. PARTICIPATION COSTS

Participants shall pay the amounts provided for in the *SaFIR System Rules* in order to have access to SaFIR facilities. Participants shall exercise all due diligence to comply with this obligation without delay, in accordance with the cut-off dates set by the system administrator.

III. CONFIDENTIALITY

The Parties undertake to keep confidentiality of the information provided on a mutual basis, in order to carry out this agreement, and to keep to a minimum the actual number of persons holding such information.

IV. LIABILITY

The participant's non-compliance with the provisions of *SaFIR System Rules*, as well as with the instructions provided by the system administrator, in its capacity as administrator, attracts the participant's liability according to the provisions referred to in *SaFIR System Rules*.

V. AGREEMENT TERMINATION

5.1 Repeated failure by one of the Parties to comply with its obligations shall entitle the injured Party to declare the agreement unilaterally terminated.

In this respect, the defaulting Party is notified by way of a written notification regarding the breach of the contractual obligations. The agreement shall be deemed terminated from the moment of receipt of the notification by the defaulting Party, without any other formal judicial proceedings.

5.2 This agreement may also be terminated in any of the instances referred to in section 2.8.2 "*Access termination*" of *SaFIR System Rules*.

VI. DISPUTES

6.1 The Parties shall make efforts to settle on an amiable basis any disputes on the enforcement or interpretation of this agreement.

6.2 Any dispute arising from or in connection to this agreement, including disputes on the conclusion, execution or cancellation hereof, which cannot be settled on an amiable basis, shall be settled by competent Courts in Romania.

VII. APPLICABLE LEGISLATION

The present agreement and the settlement of disputes arising from or in connection to this agreement shall be governed by Romanian law.

VIII. FINAL PROVISIONS

8.1 The NBR processes personal data in accordance with the provisions of art. 6 para. 1 (b) of *Regulation (EU) 679/2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46 / EC*.

8.2 The *Appendix 11 – Information with regard to the processing of personal data concerning the SaFIR system* of the *SaFIR System Rules* provides information regarding the processing of the personal data, information that is also published on the website www.bnr.ro.

8.3 The *SaFIR System Rules* are appendixes to the present agreement.

8.4 The Participant shall be able to connect to the infrastructure and issue instructions on the date this accession agreement enters into force or on a subsequent date the Parties agree upon by means of this agreement.

8.5 This agreement was concluded today, ..., in two original copies, one for each signatory party.

8.6 This agreement shall enter into force as of.....

NATIONAL BANK OF ROMANIA	Name of applicant institution
(Department)	(Last and first names of authorized person)
(Last and first names of authorized person)	(Position)
(Position)	(Authorized signature)
(Authorized signature)	(Seal of the institution)
(Department)	(Last and first names of authorized person)
(Last and first names of authorized person)	(Position)
(Position)	(Authorized signature)

(Authorized signature)

ENDORSED BY

(Department)

(Last and first names of authorized person)

(Position)

(Authorized signature)

(Department)

(Last and first names of authorized person)

(Position)

(Authorized signature)

Appendix 3 - Information on SaFIR Participants

To:	National Bank of Romania Address: 25 Lipscani Street, sector 3, 030031 - Bucharest Payments Department SaFIR Division Personal data processing no. registered with ANSPDCP – 3482	
From:	Name of SaFIR participant	
	Registered office address and, as the case may be, business office address	
	Registration code with the Trade Register Tax code / Single registration code	
	Postal code	
	Name of contact person:	
	Telephone No.:	
	Fax No.:	
	E-mail (main address or that of the distribution group):	
	Fill in the following fields with information on your institution, as they will be registered in SaFIR	Check the boxes corresponding to your institution's request
	Position on the market for government securities	
	Settlement bank[9]	

[9] To be filled in only for participants without a settlement account in ReGIS.

	Operating agent	
	Participant activation date	
	Type of interface desired for SaFIR	Romanian ☐ English ☐
	Requested action:	Add ☐ Change ☐
	Participant name:	
	Participant address:	
	SWIFT-assigned BIC:	
	Legal Entity Identifier (LEI code):	
	Contact person	
	Telephone No.:	
	Fax No.:	
	E-mail:	
	Bills to be sent:	Never ☐ Daily ☐ Weekly ☐ Monthly ☐
	Last and first names of the authorized person:	
	Signature of the authorized person:	
	Last and first name of the authorized person:	
	Signature of the authorized person:	
	Seal of the institution:	

Appendix 4 - SaFIR User Registration/Modification Request Form

To:	National Bank of Romania Address: 25 Lipscani Street, Bucharest 3, 030031 Payments Department SaFIR Division Personal data processing no. registered with ANSPDCP – 3482	SaFIR Administrator No. ...../.....
From:	Name of SaFIR participant Registered office address and, as the case may be, business office address Registration code with the Trade Register Tax code / Single registration code Postal code Name of contact person: Telephone / Fax No.: E-mail:	Participant No. ...../.....

We hereby request:

☐ creation in SaFIR of a secured e-mailbox and a username with the related password, for access to SaFIR, in the name of:

or

☐ changing*) the existing information in the SaFIR database in the name of:

Last name

First name

with the following contact data:

Address

_____

Telephone No. _____; Fax No. _____;

e-mail Internet _____;

User position _____;

User signature _____

and who will be assigned the profile with the name **):
We would like the operation to become active as of: .....
Access administrators _____ _____ *(Last and first names)* *(Last and first names)* _____ _____ *(Signature/Seal)* *(Signature/Seal)*
Date: **Seal of the institution:**

⇩ To be filled in by the System Administrator. ⇩

Comments:
*) If the "Name" is the object of change, it is necessary to fill out a "Request for blocking/unblocking/removing a user" with the old name, and an "SaFIR user registration request form", by checking the creation option. **) Use only profile names for which the participant has already filled out the "SaFIR user registration/modification" request form.

Appendix 5 - SaFIR User Profile Creation/Modification Request Form

The appropriate user profile request form must be filled in to request the system administrator to create or modify a user profile.

An example of each form is shown below.

a) Standard (general) profile for primary dealers

To:	National Bank of Romania Address: 25 Lipscani Street, Bucharest 3, 030031 Payments Department SaFIR Division Personal data processing no. registered with ANSPDCP – 3482	SaFIR Administrator No. ..... / .....
From:	Name of SaFIR participant Registered office address and, as the case may be, business office address Registration code with the Trade Register Tax code / Sole registration code Postal code Name of contact person:Telephone / Fax No.: E-mail:	Applicant Nr. ..... / .....

We hereby request, as of..... / ..... / ..... (dd/mm/yy)

☐ creation of the SaFIR user profile

or

☐ changing the SaFIR user profile

with the profile name: _____

and which will allow access to the functions of the menu marked below with ("X") in the "Request access" section.

Menu					**Access**
Access Management					
	Change Password				
	User				
		List			☐
	Profile				
		List			☐

	Power of attorney				
		User Power Of Attorney			
			List		☐
			Accounts Power Of Attorney Access		
				List	☐
				Apply Access	☐
		Accounts Power Of Attorney			
			List		☐
			Accounts Power Of Attorney Access		
				List	☐
	User Activity List				☐
Maintenance					
	Timetable				
		List			☐
	Calendar				
		List			☐
	Alerts				
		List			☐
		Generated			☐
	Operation Codes				
		List			☐
	Pledge Scope Codes				
		List			☐
	Exchange Rates				

		List			☐
	Dashboard				☐
Stakeholders					
	Institutions				
		List			☐
	Participants				
		List			☐
	Issuers				
		List			☐
	Settlement Banks				
		List			☐
Financial instruments					
	List				☐
	Instrument Category				
		List			☐
	Corporates Actions				
		List			☐
	Value				
		Daily value			
			List		☐
		Indexes			
			List		☐
		Value Indexes Data			
			List		☐
Settlement					
	Transactions				
		List			☐
	Transactions details				

		List			☐
	Net settlement				
		Funds net balance per participant			☐
	Contracts				
		List			☐
	Instructions				
		List			☐
	Settlement Trading Ceiling				
		List			☐
	Accounts				
		List			☐
		Modify			☐
		Create			☐
		Approve			☐
		Activity			☐
		Statement			☐
	Penalities				
		List			☐
		Appeals			
			List		☐
			Add		☐
		Calculation Data			
			List		☐
		Penalty Rates			
			List		☐
Instructions originator					
	List				☐
	Modify				☐

	Delete				☐
	Repair				☐
	Enter				
		FoP			☐
		DvP			☐
		DwP			☐
		Repo			
			Leg1		☐
			Leg 2		☐
			Repo Change of maturity date		☐
			Repo Substitution		☐
			Margin Call		☐
		Pledge			
			Pledge Registration		☐
			Pledge Release		☐
			Pledge Change of maturity date		☐
			Pledge Substitution		☐
			Pledge Execution		☐
			Pledge Transfer		
				Pledge Transfer from Debtor	☐
				Pledge Transfer to Debtor	☐
		Central Bank (CB) Operations			
			Pledge Registration		☐
			Repo		☐
			Lombard Register		☐
			Lombard Release		☐

			Pledge CB Release		☐
			Pledge Change of maturity date		☐
			Pledge Substitution		☐
			Pledge Execution		☐
		External CSD			
			Bring-In		☐
			Take-Out		☐
		Instruction			
			Modification		☐
			Cancellation		☐
		Confirmation Of Credit			☐
	Approve				☐
	Repair				
Lombard Transformation					
	List				☐
	Create				☐
	Approve				☐
Eligibility					
	Counterparty Eligibility				
		List			☐
Administrative					
	Routing				
		Message			
			List		☐
	Reconciliation				
		List			☐
		Import			☐

		Daily Reconciliation			☐
		Monthly Reconciliation			☐
	Upload Appendix 4				
		List			☐
		Import			☐
Billing					
	Rates				
		List			☐
	One-off charge				
		List			☐
Reports					
	On demand				
		Corporate Action Estimate			☐
		Statement of Account			☐
		Statement of Transactions			☐
		Financial Instruments Admitted List Report			☐
		List of Eligible Securities for Operations With CB			☐
		Participant List CD			☐
		Participant List TS			☐
		Summary of Pledges			☐
		Summary of Transactions			☐

		Participants Portfolio Statement for own account, clients' accounts and garnishments			☐
		Performed Corporate Action Statement			☐
		Trading Ceiling Activity			☐
		Statement of Outstanding Total Nominal Value			☐
		Holders Statement			☐
		Summary of Pledges			☐
		Summary of Pledges Covered by the Civil Code			☐
		Market value (statistical value) report for eligible and non-eligible financial instruments			☐
		Statistical value of coupon financial instruments			☐
		Statistical value of discount financial instruments			☐
		Statistical value of interest financial instruments			☐
		Holdings report by account type			☐
	Billing				
					☐

		Fees informative report			
		Fees suporting report			☐
Name and surname of access administrators:		1. _____ 2. _____			
Signature of access administrators:		1. _____ 2. _____			
Applicant's stamp:					
Date: ..... / ..... / ..... (dd/mm/yyyy)					

Note: The system administrator will configure user profiles according to the participant's request and will grant at least the minimum system access rights, as deemed necessary for an efficient use of the system by the participant. The system administrator will inform the applicant on the established profile.

b) Standard (master) profile for secondary intermediaries, participants trading solely on their own account and behalf

To:	National Bank of Romania Address: 25 Lipscani Street, Bucharest 3, 030031 Payments Department SaFIR Division Personal data processing no. registered with ANSPDCP – 3482	SaFIR Administrator No. ..... / .....
From:	Name of SaFIR participant Registered office address and, as the case may be, business office address Registration code with the Trade Register Tax code / Sole registration code Postal code Name of contact person:Telephone / Fax No.: E-mail:	Applicant Nr. ..... / .....

We hereby request, as of..... / ..... / ..... (dd/mm/yy)

☐ creation of the SaFIR user profile

or

☐ changing the SaFIR user profile

with the profile name: _____

and which will allow access to the functions of the menu marked below with ("X") in the "Request access" section.

Menu					**Access**
Access Management					
	Change Password				
	User				
		List			☐
	Profile				
		List			☐
	Power of attorney				
		User Power Of Attorney			
			List		☐

			Accounts Power Of Attorney Access		
				List	☐
				Apply Access	☐
		Accounts Power Of Attorney			
			List		☐
			Accounts Power Of Attorney Access		
				List	☐
	User Activity List				☐
Maintenance					
	Timetable				
		ListList			☐
	Calendar				
		List			☐
	Alerts				
		List			☐
		Generated			☐
	Operation Codes				
		List			☐
	Pledge Scope Codes				
		List			☐
	Exchange Rates				
		List			☐
	Dashboard				☐
Stakeholders					
	Institutions				
		List			☐

	Participants				
		List			☐
	Issuers				
		List			☐
	Settlement Banks				
		List			☐
Financial instruments					
	List				☐
	Instrument Category				
		List			☐
	Corporates Actions				
		List			☐
	Value				
		Daily value			
			List		☐
		Indexes			
			List		☐
		Value Indexes Data			
			List		☐
Settlement					
	Transactions				
		List			☐
	Transactions details				
		List			☐
	Net settlement				

		Funds net balance per participant			☐
	Contracts				
		List			☐
	Instructions				
		List			☐
	Settlement Trading Ceiling				
		List[10]			☐
	Accounts[11]				
		List			☐
		Modify			☐
		Create			☐
		Approve			☐
		Activity			☐
		Statement			☐
	Penalities				
		List			☐
		Appeals			
			List		☐
			Add		☐
		Calculation Data			
			List		☐
		Penalty Rates			
			List		☐
Instructions originator					
	List				☐

[10] This option is only available to participating financial investment services companies

[11] The "Create" and "Approve" options are not available for participants who trade only in name and on their own account.

	Modify				☐
	Delete				☐
	Repair				☐
	Enter				
		FoP			☐
		DvP			☐
		DwP			☐
		Repo			
			Leg1		☐
			Leg 2		☐
			Repo Change of maturity date		☐
			Repo Substitution		☐
			Margin Call		☐
		Pledge			
			Pledge Registration		☐
			Pledge Release		☐
			Pledge Change of maturity date		☐
			Pledge Substitution		☐
			Pledge Execution		☐
			Pledge Transfer		
				Pledge Transfer from Debtor	☐
				Pledge Transfer to Debtor	☐
		Central Bank (CB) Operations			
			Pledge Registration		☐
			Repo		☐
			Lombard Register		☐

			Lombard Release		☐
			Pledge CB Release		☐
			Pledge Change of maturity date		☐
			Pledge Substitution		☐
			Pledge Execution		☐
		External CSD			
			Bring-In		☐
			Take-Out		☐
		Instruction			
			Modification		☐
			Cancellation		☐
		Confirmation Of Credit			☐
	Approve				☐
	Repair				
Lombard Transformation					
	List				☐
	Create				☐
	Approve				☐
Eligibility					
	Counterparty Eligibility				
		List			☐
Administrative					
	Routing				
		Message			
			List		☐
	Reconciliatio n				
		List			☐
		Import			☐

		Daily Reconciliation			☐
		Monthly Reconciliation			☐
	Upload Appendix 4				
		List			☐
		Import			☐
Billing					
	Rates				
		List			☐
	One-off charge				
		List			☐
Reports					
	On demand				
		Corporate Action Estimate			☐
		Statement of Account			☐
		Statement of Transactions			☐
		Financial Instruments Admitted List Report			☐
		List of Eligible Securities for Operations With CB			☐
		Participant List CD			☐
		Participant List TS			☐
		Summary of Pledges			☐
		Summary of Transactions			☐

		Participants Portfolio Statement for own account, clients' accounts and garnishments			☐
		Performed Corporate Action Statement			☐
		Trading Ceiling Activity			☐
		Statement of Outstanding Total Nominal Value			☐
		Holders Statement			☐
		Summary of Pledges			☐
		Summary of Pledges Covered by the Civil Code			☐
		Market value (statistical value) report for eligible and non-eligible financial instruments			☐
		Statistical value of coupon financial instruments			☐
		Statistical value of discount financial instruments			☐
		Statistical value of interest financial instruments			☐
		Holdings report by account type			
	Billing				
		Fees informative report			☐

		Fees supporting report			☐
Name and surname of access administrators:		1. _____ 2. _____			
Signature of access administrators:		1. _____ 2. _____			
Applicant's stamp:					
Date: ..... / ..... / ..... (dd/mm/yyyy)					

Note: The system administrator will configure user profiles according to the participant's request and will grant at least the minimum system access rights, as deemed necessary for an efficient use of the system by the participant. The system administrator will inform the applicant on the established profile.

c) Standard (master) profile for depository and settlement systems

To:	National Bank of Romania Address: 25 Lipscani Street, Bucharest 3, 030031 Payments Department SaFIR Division Personal data processing no. registered with ANSPDCP – 3482	SaFIR Administrator No. ..... / .....
From:	Name of SaFIR participant Registered office address and, as the case may be, business office address Registration code with the Trade Register Tax code / Sole registration code Postal code Name of contact person:Telephone / Fax No.: E-mail:	Applicant Nr. ..... / .....

We hereby request, as of..... / ..... / ..... (dd/mm/yy)

☐ creation of the SaFIR user profile

or

☐ changing the SaFIR user profile

with the profile name: _____

and which will allow access to the functions of the menu marked below with ("X") in the "Request access" section.

Menu					**Access**
Access Management					
	Change Password				
	User				
		List			☐
	Profile				
		List			☐
	Power of attorney				
		User Power Of Attorney			
			List		☐
			Accounts Power Of Attorney Access		

				List	☐
				Apply Access	☐
		Accounts Power Of Attorney			
			List		☐
			Accounts Power Of Attorney Access		
				List	☐
	User Activity List				☐
Maintenance					
	Timetable				
		ListList			☐
	Calendar				
		List			☐
	Alerts				
		List			☐
		Generated			☐
	Operation Codes				
		List			☐
	Pledge Scope Codes				
		List			☐
	Exchange Rates				
		List			☐
	Dashboard				☐
Stakeholders					
	Institutions				
		List			☐
	Participants				

		List			☐
	Issuers				
		List			☐
	Settlement Banks				
		List			☐
Financial instruments					
	List				☐
	Instrument Category				
		List			☐
	Corporates Actions				
		List			☐
	Value				
		Daily value			
			List		☐
		Indexes			
			List		☐
		Value Indexes Data			
			List		☐
Settlement					
	Transactions				
		List			☐
	Net settlement				
		Funds net balance per participant			☐
	Contracts				
		List			☐
	Instructions				
		List			☐

	Settlement Trading Ceiling				
		List			☐
	Accounts				
		List			☐
		Modify			X`
		Create			☐
		Approve			☐
		Activity			☐
		Statement			☐
	Penalities				
		List			☐
		Appeals			
			List		☐
			Add		☐
		Calculation Data			
			List		☐
		Penalty Rates			
			List		☐
Instructions originator					
	List				☐
	Modify				☐
	Delete				☐
	Repair				☐
	Enter				
		FoP			☐
		DvP			☐
		DwP			☐
		Repo			
			Leg1		☐

			Leg 2		☐
			Repo Change of maturity date		☐
			Repo Substitution		☐
			Margin Call		☐
		Pledge			
			Pledge Registration		☐
			Pledge Release		☐
			Pledge Change of maturity date		☐
			Pledge Substitution		☐
			Pledge Execution		☐
			Pledge Transfer		
				Pledge Transfer from Debtor	☐
				Pledge Transfer to Debtor	☐
		Central Bank (CB) Operations			
			Pledge Registration		☐
			Repo		☐
			Lombard Register		☐
			Lombard Release		☐
			Pledge CB Release		☐
			Pledge Execution		☐
		External CSD			
			Bring-In		☐
			Take-Out		☐
		Instruction			
			Modification		☐
			Cancellation		☐

		Confirmation Of Credit			☐
	Approve				☐
	Repair				
Lombard Transformation					
	List				☐
	Create				☐
	Approve				☐
Eligibility					
	Counterparty Eligibility				
		List			☐
Administrative					
	Routing				
		Message			
			List		☐
	Reconciliation				
		List			☐
		Import			☐
		Daily Reconciliation			☐
		Monthly Reconciliation			☐
	Upload Appendix 4				
		List			☐
		Import			☐
Billing					
	Rates				
		List			☐
	One-off charge				

		List			☐
Reports					
	On demand				
		Corporate Action Estimate			☐
		Statement of Account			☐
		Statement of Transactions			☐
		Financial Instruments Admitted List Report			☐
		List of Eligible Securities for Operations With CB			☐
		Participant List CD			☐
		Participant List TS			☐
		Summary of Pledges			☐
		Summary of Transactions			☐
		Participants Portfolio Statement for own account, clients' accounts and garnishments			☐
		Performed Corporate Action Statement			☐
		Trading Ceiling Activity			☐
		Statement of Outstanding Total Nominal Value			☐
		Holders Statement			☐

		Summary of Pledges			☐
		Summary of Pledges Covered by the Civil Code			☐
		Market value (statistical value) report for eligible and non-eligible financial instruments			☐
		Statistical value of coupon financial instruments			☐
		Statistical value of discount financial instruments			☐
		Statistical value of interest financial instruments			☐
		Holdings report by account type			
	Billing				
		Fees informative report			☐
		Fees supporting report			☐
Name and surname of access administrators:		1. _____ 2. _____			
Signature of access administrators:		1. _____ 2. _____			
Applicant's stamp:					
Date: ..... / ..... / ..... (dd/mm/yyyy)					

Note: The system administrator will configure user profiles according to the participant's request and will grant at least the minimum system access rights, as deemed necessary for an efficient use of the system by the participant. The system administrator will inform the applicant on the established profile.

d) Standard (master) profile for the Ministry Finance

To:	National Bank of Romania Address: 25 Lipscani Street, Bucharest 3, 030031 Payments Department SaFIR Division Personal data processing no. registered with ANSPDCP – 3482	SaFIR Administrator No. ..... / .....
From:	Name of SaFIR participant Registered office address and, as the case may be, business office address Registration code with the Trade Register Tax code / Sole registration code Postal code Name of contact person:Telephone / Fax No.: E-mail:	Applicant Nr. ..... / .....

We hereby request, as of..... / ..... / ..... (dd/mm/yy)

☐ creation of the SaFIR user profile

or

☐ changing the SaFIR user profile

with the profile name: _____

and which will allow access to the functions of the menu marked below with ("X") in the "Request access" section.

Menu					**Access**
Access Management					
	Change Password				
	User				
		List			☐
	Profile				
		List			☐
	Power of attorney				
		User Power Of Attorney			
			List		☐
			Accounts Power Of Attorney Access		

				List	☐
				Apply Access	☐
		Accounts Power Of Attorney			
			List		☐
			Accounts Power Of Attorney Access		
				List	☐
	User Activity List				☐
Maintenance					
	Timetable				
		ListList			☐
	Calendar				
		List			☐
	Alerts				
		List			☐
		Generated			☐
	Operation Codes				
		List			☐
	Pledge Scope Codes				
		List			☐
	Exchange Rates				
		List			☐
	Dashboard				☐
Stakeholders					
	Institutions				
		List			☐
	Participants				

		List			☐
	Issuers				
		List			☐
	Settlement Banks				
		List			☐
Financial instruments					
	List				☐
	Instrument Category				
		List			☐
	Corporates Actions				
		List			☐
	Value				
		Daily value			
			List		☐
		Indexes			
			List		☐
		Value Indexes Data			
			List		☐
Settlement					
	Transactions				
		List			☐
	Net settlement				
		Funds net balance per participant			☐
		Fund net balance per settlement bank			☐
	Contracts				

		List			☐
	Instructions				
		List			☐
	Settlement Trading Ceiling				
		List			☐
	Accounts				
		List			☐
		Modify			
		Activity			☐
		Statement			☐
	Penalities				
		List			☐
		Appeals			
			List		☐
			Add		☐
		Calculation Data			
			List		☐
		Penalty Rates			
			List		☐
Instructions originator					
	List				☐
	Modify				☐
	Delete				☐
	Repair				☐
	Enter				
		FoP			☐
		DvP			☐
		DwP			☐
		Repo			

			Leg1		☐
			Leg 2		☐
			Repo Change of maturity date		☐
			Repo Substitution		☐
			Margin Call		☐
		Pledge			
			Pledge Registration		☐
			Pledge Release		☐
			Pledge Change of maturity date		☐
			Pledge Substitution		☐
			Pledge Execution		☐
			Pledge Transfer		
				Pledge Transfer from Debtor	☐
				Pledge Transfer to Debtor	☐
		Central Bank (CB) Operations			
			Pledge Registration		☐
			Repo		☐
			Lombard Register		☐
			Lombard Release		☐
			Pledge CB Release		☐
			Pledge Execution		☐
		External CSD			
			Bring-In		☐
			Take-Out		☐
		Instruction			
			Modification		☐

			Cancellation		☐
		Confirmation Of Credit			☐
	Approve				☐
	Repair				☐
Lombard Transformation					
	List				☐
	Create				☐
	Approve				☐
Eligibility					
	Counterparty Eligibility				
		List			☐
Administrative					
	Routing				
		Message			
			List		☐
	Reconciliatio n				
		List			☐
		Import			☐
		Daily Reconciliation			☐
		Monthly Reconciliation			☐
	Upload Appendix 4				
		List			☐
		Import			☐
Billing					
	Rates				
		List			☐

	One-off charge				
		List			☐
Reports					
	On demand				
		Corporate Action Estimate			☐
		Statement of Account			☐
		Statement of Transactions			☐
		Financial Instruments Admitted List Report			☐
		Summary of Pledges			☐
		Summary of Transactions			☐
		Participants Portfolio Statement for own account, clients' accounts and garnishments			☐
		Performed Corporate Action Statement			☐
		Trading Ceiling Activity			☐
		Statement of Outstanding Total Nominal Value			☐
		Holders Statement			☐
		Market value (statistical value) report for eligible and non-eligible			☐

		financial instruments			
		Statistical value of coupon financial instruments			☐
		Statistical value of discount financial instruments			☐
		Statistical value of interest financial instruments			☐
	Billing				
		Fees informative report			☐
		Fees supporting report			☐
Name and surname of access administrators:		1. _____ 2. _____			
Signature of access administrators:		1. _____ 2. _____			
Applicant's stamp:					
Date: ..... / ..... / ..... (dd/mm/yyyy)					

Note: The system administrator will configure user profiles according to the participant's request and will grant at least the minimum system access rights, as deemed necessary for an efficient use of the system by the participant. The system administrator will inform the applicant on the established profile.

e) Standard (master) profile for central counterparties

To:	National Bank of Romania Address: 25 Lipscani Street, Bucharest 3, 030031 Payments Department SaFIR Division Personal data processing no. registered with ANSPDCP – 3482	SaFIR Administrator No. ..... / .....
From:	Name of SaFIR participant Registered office address and, as the case may be, business office address Registration code with the Trade Register Tax code / Sole registration code Postal code Name of contact person:Telephone / Fax No.: E-mail:	Applicant Nr. ..... / .....

We hereby request, as of..... / ..... / ..... (dd/mm/yy)

☐ creation of the SaFIR user profile

or

☐ changing the SaFIR user profile

with the profile name: _____

and which will allow access to the functions of the menu marked below with ("X") in the "Request access" section.

Menu					**Access**
Access Management					
	Change Password				
	User				
		List			☐
	Profile				
		List			☐
	Power of attorney				
		User Power Of Attorney			
			List		☐
			Accounts Power Of Attorney Access		

				List	☐
				Apply Access	☐
		Accounts Power Of Attorney			
			List		☐
			Accounts Power Of Attorney Access		
				List	☐
	User Activity List				☐
Maintenance					
	Timetable				
		ListList			☐
	Calendar				
		List			☐
	Alerts				
		List			☐
		Generated			☐
	Operation Codes				
		List			☐
	Pledge Scope Codes				
		List			☐
	Exchange Rates				
		List			☐
	Dashboard				☐
Stakeholders					
	Institutions				
		List			☐
	Participants				

		List			☐
	Issuers				
		List			☐
	Settlement Banks				
		List			☐
Financial instruments					
	List				☐
	Instrument Category				
		List			☐
	Corporates Actions				
		List			☐
	Value				
		Daily value			
			List		☐
		Indexes			
			List		☐
		Value Indexes Data			
			List		☐
Settlement					
	Transactions				
		List			☐
	Net settlement				
		Funds net balance per participant			☐
	Contracts				
		List			☐

	Instructions				
		List			☐
	Settlement Trading Ceiling				
		List			☐
	Accounts				
		List			☐
		Create			☐
		Approve			☐
		Activity			☐
		Statement			☐
	Penalities				
		List			☐
		Appeals			
			List		☐
			Add		☐
		Calculation Data			
			List		☐
		Penalty Rates			
			List		☐
Instructions originator					
	List				☐
	Modify				☐
	Delete				☐
	Repair				☐
	Enter				
		FoP			☐
		DvP			☐
		DwP			☐
		Repo			

			Leg1		☐
			Leg 2		☐
			Repo Change of maturity date		☐
			Repo Substitution		☐
			Margin Call		☐
		Pledge			
			Pledge Registration		☐
			Pledge Release		☐
			Pledge Change of maturity date		☐
			Pledge Substitution		☐
			Pledge Execution		☐
			Pledge Transfer		
				Pledge Transfer from Debtor	☐
				Pledge Transfer to Debtor	☐
		Central Bank (CB) Operations			
			Pledge Registration		☐
			Repo		☐
			Lombard Register		☐
			Lombard Release		☐
			Pledge CB Release		☐
			Pledge Change of maturity date		☐
			Pledge Substitution		☐
			Pledge Execution		☐
		External CSD			
			Bring-In		☐
			Take-Out		☐

		Instruction			
			Modification		☐
			Cancellation		☐
		Confirmation Of Credit			☐
	Approve				☐
	Repair				
Lombard Transformation					
	List				☐
	Create				☐
	Approve				☐
Eligibility					
	Counterparty Eligibility				
		List			☐
Administrative					
	Routing				
		Message			
			List		☐
	Reconciliation				
		List			☐
		Import			☐
		Daily Reconciliation			☐
		Monthly Reconciliation			☐
	Upload Appendix 4				
		List			☐
		Import			☐
Billing					

	Rates				
		List			☐
	One-off charge				
		List			☐
Reports					
	On demand				
		Corporate Action Estimate			☐
		Statement of Account			☐
		Statement of Transactions			☐
		Financial Instruments Admitted List Report			☐
		List of Eligible Securities for Operations with CB			☐
		Participant List CD			☐
		Participant List TS			☐
		Summary of Pledges			☐
		Summary of Transactions			☐
		Participants Portfolio Statement for own account, clients' accounts and pledges			☐
		Performed Corporate Action Statement			☐
		Trading Ceiling Activity			☐

		Statement of Outstanding Total Nominal Value			☐
		Holders Statement			☐
		Summary of Pledges			☐
		Summary of Pledges Covered by the Civil Code			☐
		Market value (statistical value) report for eligible and non-eligible financial instruments			☐
		Statistical value of coupon financial instruments			☐
		Statistical value of discount financial instruments			☐
		Statistical value of interest financial instruments			☐
		Holdings report by account type			
	Billing				
		Fees informative report			☐
		Fees supporting report			☐
Name and surname of access administrators:		1. _____ 2. _____			
Signature of access administrators:		1. _____ 2. _____			
Applicant's stamp:					

Date: ..... / ..... / ..... (dd/mm/yyyy)	

Note: The system administrator will configure user profiles according to the participant's request and will grant at least the minimum system access rights, as deemed necessary for an efficient use of the system by the participant. The system administrator will inform the applicant on the established profile.

(Last and first names)

Appendix 6 – Request Form for the Blocking/Unblocking/Termination of a SaFIR User

To:	National Bank of Romania Address: 25 Lipscani Street, Bucharest 3, 030031 Payments Department SaFIR Division Personal data processing no. registered with ANSPDCP – 3482	SaFIR Administrator **No.** ..... / .....
From:	Name of SaFIR participant Registered office address and, as the case may be, business office address Registration code with the Trade Register Tax code / Sole registration code Postal code Name of contact person: Telephone: Fax no.: E-mail:	Participant No. ...../.....

We hereby request, as of ..... / ..... / ..... (dd/mm/yy) the

☐ blocking

☐ unblocking

☐ termination

in/from SaFIR of the following User:

Last name	
First name	
PIN	

We would like the operation to become active as of .....

Access administrators

_____

(Last and first names) *(Last and first names)*

_____

(Signature/Seal) *(Signature/Seal)*

Date:

Seal of the institution:

⇩ To be filled in by the System Administrator. ⇩

Comments:

Appendix 7 - Timetable of SaFIR Transactions

SERVICES		Start time	Cut-off time
Start of day (Operating day opening)		8:30	
Trading ceiling service:		8:30	8:45
Tender service		8:30	10:00
Certificates of deposit (CD) tender service		8:50	10:15
Start of Business day	DvP Service	9:00	16:45
	FoP Service		17:40
Tender with intraday settlement		10:00	16:45
Lombard Service		17:15	17:40
End of Business day		17:45	
End of day		After "*End of Business day*"	

Note: *Cut-off* may exhibit 5-second delays from the actual times set forth in the table above.

The timetable may be amended by the system administrator if the latter deems it necessary.

Operations to be processed within the time span of the Free of Payment Delivery Service (FoP)	**Operations to be processed within the time span of the Delivery versus Payment Service (DvP)**
- Portfolio transfers - *Delivery versus payment* and reverse operations where parties have the same settlement bank - Pledge registration (except for pledges related to Lombard credits for which the start-up and the cut-off time differ) - Pledge release - Pledge modification - Pledge execution - Repo agreement substitution, SBB - Margin calls - Foreign-currency settled operations	- Delivery versus payment transactions - Repo agreements - Step two of repo agreements - Pledge execution through sale

Notă: During the period between the *Cut-off time* of DvP and the *Cut-off* time of Lombard Service transactions involving the transfer of funds in the ReGIS system are not accepted.

Appendix 8 - SaFIR Operation Codes

Operation	Operation code
Initial placement	800
Issue reopening	801
Free of payment	816
Delivery versus	802
Delivery with Payment	855
Impound register (Making instruments unavailable)	807
Impound transfer (Transfer of instruments made unavailable)	808
Impound Release	809
Intraday repo with CB (1st leg)	810
Intraday Reverse Repo with CB (2nd leg)	813
Long-term repo with CB (1st leg)	811
Long-term Reverse Repo with CB (2nd leg)	814
Repo substitution (ISIN substitution) with CB	873
Delivery versus payment with CB	872
Repo substitution	812
Repo/reverese repo Intraday (1st leg)	859
Repo/reverse repo Intraday (2nd leg)	860
Lombard transformation	815
Lombard release	868
Lombard execution	869
Repo/reverse repo (1st leg)	861
Repo/reverse repo pe termen lung (2nd leg)	862
Sell buy back / buy sell back (1st leg)	851
Sell buy back / buy sell back (2nd leg)	854
Repo margin call	846
Repo/reverse repo change of date	845
Repo/reverse repo MRA (1st leg)	841

Operation	Operation code
Repo/reverse repo MRA (2nd leg)	844
Cancel Repo/Reverse Repo 2nd leg	843
Delivery free of payment RoClear – bring in RoClear	817
Delivery free of payment Euroclear – bring in Euroclear	818
Delivery free of payment RoClear – take out RoClear	877
Delivery free of payment Euroclear – take out Euroclear	878
Funds transfer (lombard interest)	819
Pledge registration	820
Pledge substitution	821
Pledge release	822
Pledge execution through delivery versus payment (sale)	823
Pledge execution through delivery free of payment (appropriation)	824
Debtor transfer of pledged securities	825
Beneficiary transfer of pledged securities	826
Disputed securities	827
Pledge Maturity Change	863
Interest payment	830
Redemption at Maturity	832
Coupon payment	834
Custody	835
Early Auction BuyBack	836
Auction Exchange – Placement	837
Auction Exchange – Redemption	837
DNS Pledge Registration (with CB)	864
DNS Pledge Release	865
DNS Pledge Execution	866
900 Code Pledge Execution (with CB)	874
900 Code DNS Pledge Registration (with CB)	875
900 Code DNS Pledge Release (with CB)	876

Operation	Operation code
Lombard Registration	867
Internal Transfer (OWNI)	871
Buy-In	870
Market Claim	856
Penalty Collect	857
Penalty Distribution	858
Bill Payment	046

Appendix 9 – SaFIR fees schedule

SaFIR	Fee value (RON)
A. Processing and settlement fees	
Processing fee for DvP operations (sale-purchase, reverse operations, collateral execution through sales)	3 lei/pc.
Processing fee for step two cancellation instructions (reverse operations)	4 lei/pc.
Processing fee for free-of-payment delivery operations (portfolio transfer, collateral execution by appropriation, reverse operation substitution, margin call)	4 lei/pc.
Payment events processing fee (coupon payment, interest payment, redemptions)	0.4 lei/pc.
Primary market results processing fee (including exchanges)	0.4 lei/pc.
Pledge processing fee (pledge registration, pledge substitution, disputed securities, pledge assignment, pledged securities portfolio transfer, pledge release)	4 lei/pc.
Fee for funds settlement in TARGET	Fee for settlement of funds related to DvP operations in EUR via TARGET.
Fee for transfer of financial instruments between SaFIR, as investor CSD and Euroclear	FoP transfer fee in SaFIR system and transfer fees levied by Euroclear
Euroclear custody fee	Fee levied by Euroclear
Fee for transfer of financial instruments between SaFIR, as investor CSD and RoClear	FoP transfer fee in SaFIR system and transfer fees levied by RoClear
RoClear custody fee	Fee levied by RoClear
Fee for manual initiation by NBR of SWIFT messages on behalf of participants in contingent situations	50 lei/pc.
B. Notary service fees	
Primary market operations fee (except for financial instruments re-opening) - charged only once, on the issuance date of the new financial instruments	10.5 lei/pc.

SaFIR	Fee value (RON)
Financial instruments reopening fee - charged for each re-opening operation	10.5 lei/pc.
C. Centralized administration fees	
Centralized administration fee applicable to holdings of financial instruments for which SaFIR acts as the issuing CSD - calculated monthly[12]	1. A percentage is applied to the nominal value of the registered participant's portfolio at the end of each working day of the reference month, depending on the portfolio's classification into value tranches, as follows: **0.00049%** (⩽ 500,000,000 lei) **0.00048%** (500,000,001 – 10,000,000,000 lei) **0.00047%** (>10,000,000,000 lei) 2. The values thus calculated are accumulated at the end of the month, and the result is divided by the number of working days in that month.
Centralized administration fee applicable to holdings of financial instruments for which SaFIR acts as an investor CSD	Centralized administration (custody) fee charged by Euroclear/RoClear
D. OTHER FEES	
Commission for SWIFT messages generated by SaFIR	**0.70 lei/pc.** (MT515, MT544, MT545, MT546, MT547, MT548, MT558, MT578, sese.024, sese.025, sese.027, sese.028, sese.029, sese.031, semt.020) **1 leu/pc.**

[12] For foreign currency denominated financial instruments, it will be calculated based on the NBR official exchange rate on the last day of the reference month.

SaFIR	**Fee value (RON)**
	(MT535, MT536, MT537, semt.002, semt.017, semt.018) **2 lei/pc.** (MT564, MT566, seev.031, seev.036) **0.50 lei/pc.** (MT599, MT598)

Notes:

- In ReGIS, the DvP transactions processing fee will apply solely to the buyer of securities;
- In ReGIS, the net funds transfer processing fee will apply to both parties.
- This fee is intended to recover the costs of SaFIR participating in TARGET and it comprises: (i) the fee for settlement in TARGET of the instructions sent by SaFIR, regulated by the Eurosystem distributed equally between the two parties to the transaction and (ii) the share of the fixed fees paid by the NBR for the participation of SaFIR in TARGET, which will be annually calculated based on the level of the fixed fees levied by Eurosystem and on number of transactions settled in EUR that is forecasted by the NBR for the following year (usually equal to the number of transactions settled in EUR in the previous year).
- SaFIR-Euroclear transfer fees, Euroclear custody fees, SaFIR-RoClear transfer fees and RoClear custody fees are established according to the fees levied by Euroclear, respectively RoClear.

Appendix 10 - Annual Compliance Audit Certificate

Participant's name: .....

Self-assessment for the year.....

Please answer the following questions:

A. SaFIR-related frauds

1) Has your organization experienced any SaFIR-related actual or attempted frauds during the year?

2) If so, did you report the event to the National Bank of Romania in accordance *with SaFIR System Rules*?

3) Were the means of fraud identified and rectified?

4) Did the fraud result in any financial loss to your organization or its customers?

5) If so, what is the value of losses, what was their frequency and did you make any recovery attempts?

B. Contingency planning and contingency facilities

1) Does your organization have a well-documented contingency plan for its SaFIR operations?

2) Does the plan conveniently cover potential contingency events?

3) Does your organization maintain alternative computer and/or communication facilities for the SWIFT interface used for SaFIR communications?

4) If your organization maintains alternative computer facilities, are they at a different location from the main SWIFT computer facility?

5) Are you certain that potential operational risks have been analyzed and dealt with?

C. System downtime and resilience

1) Have your SaFIR operations been subject to significant or recurrent downtime or disruptions?

2) If so, did you report these events to the National Bank of Romania or record them in a Contingency Event Log in accordance with SaFIR procedures?

3) Are you certain that your SaFIR-related systems have sufficient capacity and resilience to service your SaFIR payment traffic in a timely and safe manner?

Last and first names of the institution manager:	
Signature:	
Last and first names of the institution manager:	
Signature:	
Seal of the institution:	
Date:	

Appendix 11 – Information with regard to the processing of personal data concerning the SaFIR system

The National Bank of Romania, in its quality as a personal data operator, processes the personal data willingly supplied to, or in possession of which it comes indirectly, pursuant to the applicable national legislation, to the *Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation - GDPR)*, hereafter referred to as GDPR and to the *Law no. 506/2004 on the processing of personal data and the protection of privacy in the electronic communications sector*, in a secure manner, and intended solely only for the purposes described below.

The National Bank of Romania is constantly preoccupied with ensuring a high protection of personal data, that it processes under the legal framework in force.

In order to respect the right of SaFIR participants under *Regulation (EU) 2016/679* to be informed on how their personal data is processed at the level of the National Bank of Romania, we would like to notify you on the following:

DEFINITIONS

"Personal data" represents any information relating to an identified or identifiable natural person (“data subject”).

An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more elements specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.

Processing represents any operation or set of operations which is performed on personal data or on sets of personal data, either by automated means or otherwise, such as collection, recording, organization, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, deletion or destruction.

LEGAL BASIS FOR PERSONAL DATA PROCESSING

The legal basis for the processing is represented by the SaFIR Participation Agreement signed by NBR with SaFIR participants, processing being necessary for the execution of a Participation Agreement pursuant to art. 6 par. 1 (b) of the GDPR.

THE PURPOSE OF PERSONAL DATA PROCESSING

The National Bank of Romania processes this data for the purpose of operating the SaFIR system in accordance with the applicable law in force.

COLLECTED PERSONAL DATA

- name, surname;
- personal identification number;
- workplace, department;
- occupation;
- telephone and fax number;
- e-mail address, post address;
- signature.

PERIOD OF STORAGE OF PERSONAL DATA

Personal data are stored for the period of application of the Participation Agreement or for the period for which the collected data are required, as imposed by the applicable legal provisions, namely by the legal provisions on archiving.

TRANSFER OF PERSONAL DATA TO THIRD COUNTRIES

We do not transfer the data to countries within/outside the European Union, with the exception of those expressly provided by the law or where this is required for the purpose of the collection. Where any changes occur, we will inform you accordingly.

ACCESS TO PERSONAL DATA AND THE DESTINATION OF THESE DATA

Access to personal data is only permitted to the staff of the National Bank of Romania assigned to this activity. Such data may be communicated to persons outside the National Bank of Romania when required with the view to attaining the objective of the processing and/or in the circumstances provided by the law.

CONSEQUENCES OF NOT DISCLOSING REQUIRED PERSONAL DATA

In the event that disclosing the information or image processing are not required, the National Bank of Romania reserves the right to not granting access in the premises of the National Bank of Romania.

SAFEGUARDING THE DATA

When processing personal data, the National Bank of Romania shall employ technical and organizational measures to ensure an adequate level of protection and security against accidental or illegal destruction, loss, modification, disclosure or unauthorized access thereto.

YOUR RIGHTS

Provided that the conditions laid down by the applicable legal framework are met, the persons whose data are processed have the following rights:

Right of access (art. 15 of GDPR)

The right to receive confirmation of the processing of personal data by the National Bank of Romania and the right of access to this data.

Right to rectification (art. 16 of GDPR)

The right to receive from the National Bank of Romania the rectification of inaccurate personal data regarding the data subject. Taking into account the scope for which the data were processed, the right to receive the completion of incomplete personal data.

The right to delete data ("the right to be forgotten") (art. 17 of the GDPR)

Where

(1) the data are no longer required for the purposes,

(2) the data subjects oppose to the data processing and there are no legitimate reasons to prevail concerning the processing,

or

(3) the personal data were processed unlawfully,

the right to have the data deleted.

The right to restrict processing (art. 18 of GDPR)

The right to have the data processing restricted by the National Bank of Romania, provided that:

(a) the accuracy of the personal data is contested by the data subject, for a period enabling the controller to verify the accuracy of the personal data;

(b) the processing is unlawful and the data subject opposes the erasure of the personal data and requests the restriction of their use instead;

(c) the controller no longer needs the personal data for the purposes of the processing, but they are required by the data subject for the establishment, exercise or defence of legal claims;

(d) the data subject has objected to processing pursuant to Article 21(1) pending the verification whether the legitimate grounds of the controller override those of the data subject.

The right to data portability (art.20 of GDPR)

The right to receive the personal data concerning him or her, which he or she has provided to a controller, in a structured, commonly used and machine-readable format and have the right to transmit those data to another controller without hindrance from the controller to which the personal data have been provided, where:

- the processing is based on consent pursuant to point (a) of Article 6(1) or point (a) of Article 9(2) or on a contract pursuant to point (b) of Article 6(1); and

- the processing is carried out by automated means.

The right not to be the subject of a decision based solely on automatic processing (art. 22 of the GDPR)

The right not to be subject to a decision based solely on automated processing, including profiling, which produces legal effects concerning him or her or similarly significantly affects him or her.

This right shall not apply if the decision:

- is necessary for entering into, or performance of, a contract between the data subject and a data controller;

- is authorised by Union or Member State law to which the controller is subject and which also lays down suitable measures to safeguard the data subject's rights and freedoms and legitimate interests; or

- is based on the data subject's explicit consent.

If the data processing rights are violated, the data subjects have the right to file a complaint with the National Supervisory Authority for Personal Data Processing or the right to address the matter in the competent court.

EXERCISE OF RIGHTS

For any questions or concerns regarding the processing of personal data or for the exercise of legal rights in relation to the processed data, the data subjects may contact the data protection officer of the National Bank of Romania at the following e-mail: datepersonale@bnro.ro and/or in writing to the following postal address: National Bank of Romania, 25 Lipscani Street, Bucharest 3, 030031 Romania.

The legal deadline for answering the requests is 30 calendar days, which can be extended.

UPDATE

This information may be subject to further modifications. All updates and changes thereto are effective as of the date of notification, which will be carried out by amendment of the *SaFIR System Rules* and by publication on the National Bank of Romania website.

DATA PROTECTION CONTACT DATES

The Data Protection Officer designated by the National Bank of Romania may be contacted at the following e-mail: datepersonale@bnro.ro and/or in writing to the following postal address: National Bank of Romania, 25 Lipscani Street, Bucharest 3, 030031 Romania.

Appendix 12 – Terms of reference for the legal opinions on the capacity and the country

The National Bank of Romania, in its capacity as system administrator, requires an eligible institution governed by a foreign legal framework (branch of foreign eligible institutions), pursuant to the provisions of **Section 2.2.2 "Legal soundness"** of the SaFIR System Rules, to provide legal opinions on the compliance of the legal framework in the jurisdiction where the relevant foreign eligible institution is incorporated with the Romanian legal framework on payment systems, with a view to assessing the legal risks which may arise as a result of the participation in the SaFIR system.

The documentation to be provided to the National Bank of Romania by the branches of the foreign eligible institutions participating in SaFIR, based on which the assessment of the legal framework compliance will be carried out, shall comprise the following:

1. An opinion on the Participant's legal capacity, based on which it will be assessed/determined whether the applicant is legally compliant and capable to participate in a payment system and to carry out its contractual obligations undertaken in relation to the system administrator and the other Participants with regard to its participation in SaFIR. This opinion can be formulated by the legal representatives of the foreign eligible institution or by specialized law firms, both competent to provide legal advice regarding the jurisdiction where the participant is registered;

2. An opinion on the legal framework of the country where the relevant eligible institution is registered confirming that there are no legal provisions in that country which may result in the failure to carry out the agreements concluded by the participants, the annulment or the impingement, in whole or in part, of the provisions thereof, or the inconsistency with certain provisions of the Romanian legislation governing the SaFIR system operating framework.

The assessment of the legal framework must prove that legal provisions similar to those whereby *Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems and Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements* were transposed into the Romanian legislation apply to the institution requesting participation in the SaFIR system in the country where it is registered.

The opinion on the country legislation may be formulated and provided to the institution requesting participation in the SaFIR system by law firms competent to provide such legal counseling on the legislation of the country where the participant in question is registered.

With a view to formulating such opinion, at least the following aspects must be taken into account:

- The irrevocability of the instructions initiated in the SaFIR system and the finality of their settlement;
- The validity of the payments initiated prior to opening the insolvency proceedings against the Participant in question;
- The clarification of the relevant legal aspects of the country where the Participant is registered concerning financial collateral, particularly those referring to the fact that such collateral set up by a Participant within the SaFIR system is not affected by the insolvency proceedings opened against the Participant in question;
- The setting-up, validity, conclusion, execution or acceptance as evidence of the financial collateral agreements, namely the setting-up and execution of such collateral in favor of the NBR, including the situation where insolvency proceedings are opened against the provider of such collateral;
- The description of the implications of the insolvency proceedings, namely the confirmation of the fact that opening such proceedings against the Participant does not retroactively impinge on its rights and obligations arising from its participation in the system or related to its participation and generated prior to the opening of the insolvency proceedings (namely, elimination of “zero-hour rule”);
- The clarification of the legal implications of the garnishment operations;
- Any other legal implications which may arise from the participation of the relevant foreign eligible institution in the SaFIR system.

The terms of reference establishing the detailed requirements for formulating the legal opinion on the Participant’s capacity and the legal framework of the country where it is registered, are presented hereinafter.

Terms of reference for the legal opinion on the participant's capacity

The National Bank of Romania

25, Lipscani Str., Sector 3, Bucharest

Participation in SaFIR

[*location*], [*date*]

Dear Sir/Madam,

We have been asked to formulate the present Opinion in our capacity as *[legal advisors within the foreign eligible institution or lawyers of the law firm, having the competence to provide legal advice regarding the jurisdiction where the participant is registered]* of *[name of the Participant]* (hereinafter referred to as "the Participant") with regard to the aspects arising from the legal framework of *[jurisdiction where the requesting institution is registered]* (hereinafter referred to as "the Jurisdiction") with reference to *[Participant's name]* participation in the SaFIR system (hereinafter referred to as "the System").

The present Opinion is limited to the legal provisions of *[jurisdiction]* in force on the current date. We did not undertake any further research on the legal frameworks of other jurisdictions in formulating this opinion, nor do we express or suggest such legal opinion thereon. Each of the statements and legal opinions laid down hereinafter is equally accurate and valid according to the legal framework of *[jurisdiction]*, regardless of the Participant's acting through its central headquarters, or through one or more branches located inside or outside *[jurisdiction]*, for initiating instructions or receiving payments.

I. ANALYZED DOCUMENTS

In order to formulate the present Opinion, we analyzed:

- an authenticated copy of *[relevant incorporation documents]* of the Participant, valid on the current date;

- *[as the case may be]* an extract from *[specify the company relevant register] and [where appropriate] [the register of credit institutions or a similar register]*;
- *[where applicable]* a copy of the authorization or other relevant document substantiating the authorization to provide banking services in *[jurisdiction];*
- *[as the case may be]* a copy of the Participant's Board or governing body resolution of [date], [year] to substantiate the Participant's agreement to participate in the SaFIR system and to comply with the provisions of the SaFIR System Rules;
- *[the powers of attorney or other relevant documentation representing or substantiating the authorization of the person(s) required to sign the agreements related to the participation in the System on behalf of the Participant, shall be listed here]*;

and all the other documents referring to the incorporation, competences and authorizations of the Participant, required or deemed instrumental in issuing the present Opinion (hereinafter referred to as "Participant's Documentation") .

With a view to formulating the present Opinion we also analyzed the following:

- *SaFIR System Rules* in force on *[date]* (hereinafter referred to as "the Rules");
- The SaFIR system Accession Agreement; and
- Any other documents governing the System and/or the relationship between Participants, between the Participants and the National Bank of Romania[13];
- *[other documents placed at the Participant's disposal]*, hereinafter referred to as "system documentation".

II. HYPOTHESES

With a view to formulating the present Opinion we started from the following hypothesis:

- The system documentation which was provided to us is either in original or authenticated hardcopies;

[13] Other documents shall comprise, for example, any additional arrangements which guarantee settlement of the Participants' operations in the system.

- The provisions of the system documentation, as well as the rights and the obligations arising thereof are applicable and legally binding, pursuant to the related provisions of the governing Romanian legislation, with the option to choose the Romanian legislation as governing legislation for the system documentation being specified in the Romanian legislation;
- The Participant's Documentation reflects the legal capacity and competences of relevant Parties and has been duly authorized, adopted or completed, and where necessary submitted by the Parties; and
- The Participant's Documentation is compulsory for the Parties thereto and no infringement of the provisions thereof has occurred.

III. OPINIONS ON THE PARTICIPANT

A. The Participant shall be a company legally established and registered or otherwise adequately organized under the legislation of *[jurisdiction]*.

B. The Participant has all the necessary competences at its level required for the execution and fulfillment of the rights and obligations set forth by the SaFIR System Rules the Participant is part of.

C. The exercise and fulfillment of the rights and obligations arising from the documentation of the system the Participant is part of shall not contravene in any sense the legal or regulatory provisions of *[jurisdiction]* applicable to the Participant or to its current incorporation documentation.

D. The Participant shall not be required to submit any supplementary authorization, approval, consent, notification, registration, notary authentication or other certification from/to a court, government, legal or public authority of *[jurisdiction]* regarding the adoption, validity or execution of any document that is part of the system documentation or regarding the exercise of the rights and obligations provided by the system documentation.

E. The Participant has taken all the necessary measures at its level and any other necessary measures required by the legislation of *[jurisdiction]* with a view to ensuring that all its obligations arising from the system documentation shall be legal, valid and legally binding.

The present legal Opinion shall be valid as of the date of issue and is addressed solely to the National Bank of Romania and to *[participant's name].* No other entity shall rely on the present Opinion and any disclosure of the information therein to entities other than its designated recipients and their employees is prohibited, without our prior written consent in this regard, with the exception of the European Central Bank, the national central banks of the European System of Central Banks and the central national banks or the relevant regulatory bodies of *[jurisdiction]*.

Respectfully,

[*Signature*]

Terms of reference for the legal opinion on the country legislation

The National Bank of Romania

25, Lipscani Str., Sector 3, Bucharest

Participation in SaFIR

[*location*], [*date*]

Dear Sir/Madam,

In our capacity as *[lawyers of the law firm, having the competence to provide legal advice regarding the jurisdiction where the participant is registered] of [name of the Participant]* (hereinafter referred to as the "Participant"), we have been requested to formulate the present Opinion in accordance with the legislation of *[jurisdiction]* with regard to the aspects arising from the legal framework of *[jurisdiction]* with reference to the participation of *[Participant's name]* in SaFIR system ("The System"). The references contained in the present document concerning the legislation of *[jurisdiction]* incorporate all the applicable regulations of *[jurisdiction]*. We hereby formulate an Opinion in conformity with the legislation of *[jurisdiction]*, concerning the Participant registered outside Romania – regardless of whether the Participant is accessing the System through one or more branches located within the jurisdiction of the System – in relation to the rights and obligations arising from the participation in the System, pursuant to the provisions of the system documentation as laid down hereinafter.

This Opinion is intended to cover solely the legal provisions of *[jurisdiction]* in force on the current date. We did not undertake any further research on the legal frameworks of other jurisdictions nor do we express or suggest a legal opinion thereon. Our initial assumption was that there are no legal provisions in an external jurisdiction impinging on the present Opinion.

1. ANALYZED DOCUMENTS

With the view to formulating the present Opinion, we have analyzed the documents listed hereinafter and any other documentation we deemed relevant and adequate to uphold our view:

- SaFIR System Rules in force on *[date]* (hereinafter referred to as "the Rules");

- The SaFIR system Accession Agreement;
- Any other documents governing the System and/or the relationship between Participants, between the Participants and the National Bank of Romania[14];

[other documents placed at the Participant's disposal], hereinafter referred to as "system documentation"

2. HYPOTHESES

With a view to formulating the present Opinion, we started from the following hypothesis:

- The system documentation reflects the legal capacity and the competences of relevant Parties and the documents included have been duly authorized, adopted or completed and, where necessary, submitted by the Parties;
- The provisions of the system documentation, as well as the rights and the obligations arising thereof are applicable and legally binding, pursuant to the related provisions of the governing Romanian legislation, with the option to select the Romanian legislation as governing legislation for the system documentation being specified in the Romanian legislation;
- Any Participant or branch thereof residing in *[jurisdiction]* through which payment messages are initiated or received or by which the rights and obligations arising from the system documentation are exercised or fulfilled is authorized to provide funds transfer services in all the relevant jurisdictions; [and]
- The documents that have been provided to us as hardcopies or specimens are true to the original.

3. OPINION

Pursuant to and subject to the above we hereby opine that:

3.1 Country-specific legal aspects *[where applicable]*

[14] Other documents shall comprise, for example, any additional arrangements which guarantee the settlement of the Participants' operations in the system.

The following particularities of the legislation of *[jurisdiction]* comply with, do not annul or impinge upon the Participant's obligations arising from the system documentation *[list of the country-specific legal characteristics]*.

3.2 General aspects referring to insolvency cases

3.2.a. Types of insolvency proceedings

The only insolvency proceedings (including concordat or reorganization) which, for the purpose of the present Opinion, shall include all the proceedings referring to the Participant's assets or any of its branches in *[jurisdiction]* – to which the Participant may be subject in *[jurisdiction]*, are as follows:

[list of proceedings in the source language and their translation into Romanian] (hereinafter collectively referred to as "insolvency proceedings").

In addition to the insolvency proceedings, the Participant and any of its assets or branches in *[jurisdiction]* can thereby be subject to the provisions of *[the list containing any moratorium, special administration procedure, payment suspension procedure or any other such procedures and proceedings which may cause the suspension or the limitation of payments to/from the Participant in question, in the source language and English*] (collectively referred to as "proceedings).

3.2.b. Treaties referring to insolvency

[Jurisdiction] or certain political subdivisions thereof, as they were defined herein, are a signatory party to the following insolvency treaties: *[specify, as the case may be, the treaties which impinge or may impinge on the present Opinion].*

3.3 Opposability of the SaFIR System Rules

All the requirements of the system documentation shall be mandatory and opposable pursuant to the provisions of *[jurisdiction]* legislation, particularly where insolvency proceedings or proceedings are opened against the Participant.

In particular, we opine that:

3.3.a. Processing of the instructions

The provisions of the SaFIR System Rules referring to instruction processing are valid and opposable.

In particular, all instructions processed in conformity with the provisions of the Rules shall be valid, compulsory and final and shall be opposable within the legislation of *[jurisdiction].* The provision in the Rules stipulating the precise moment when the instructions sent by the Participant become final and irrevocable is valid, compulsory and opposable pursuant to the legislation of *[jurisdiction]*.

3.3.b The authority of the System Administrator in discharging its functions

The opening of insolvency or proceedings against a Participant shall not impinge on the System Administrator's authority and competences, as resulting from the system documentation *[to be specified - if applicable - that the same opinion is applicable to any other entity providing for the Participants direct services required to participate in the System (e.g. networking services providers)]*.

3.3.c Solutions in case of default

Where applicable to a Participant, the provisions of the SaFIR System Rules with regard to the anticipated execution of claims that did not reach maturity, the bilateral set-off of claims for using the Participant's deposits, the foreclosure on real estate collateral, the suspension or termination of participation, the claims for unpaid interest, the termination of the agreements and transactions and the claim for loss indemnities shall be valid and opposable according to the legislation of *[jurisdiction]*.

3.3.d Suspension and termination of participation

Where applicable to a Participant, the provisions of the SaFIR System Rules concerning the suspension or termination of its participation as a result of opening insolvency proceedings or other proceedings against the said Participant in case of failure to comply with its obligations, as laid down in the system documentation, or if the participant may pose any type of systemic risk or faces severe operational issues, shall be valid and opposable, according to the legislation of *[jurisdiction]*.

3.3.e Penalties regime

Where applicable to a Participant, the provisions in the Rules concerning the penalties applied to a Participant that no longer has the capacity to repay in due time the intraday credit facilities (converted/extended to overnight credit facilities) shall be valid and opposable pursuant to the legislation of *[jurisdiction]*.

3.3.f Transfer of rights and obligations

The rights and obligations of a Participant may not be waived, altered or otherwise transferred by the Participant to third parties without the prior written consent of the System Administrator.

3.3.g Selection of the governing legislation and jurisdiction

The provisions of the SaFIR System Rules, particularly those referring to the governing legislation, resolution of disputes, competent courts and submission of subpoenas are valid and opposable according to the legislation of *[jurisdiction].*

3.4 Voidable preferences

We opine that, prior to opening any proceedings against or regarding the Participant, any obligation arising from the system documentation, execution thereof, or compliance therewith, may not be cancelled as part of such proceedings, on grounds of representing preferential acts, annullable transactions or any such, pursuant to the legislation of *[jurisdiction]*, including by opening court proceedings for the cancellation of collateral setting-up or the transfer of patrimonial rights or any such act, pursuant to the legislation of *[jurisdiction].*

In particular, without being limited to the situations presented hereinafter, we formulate the present Opinion in compliance with the following actions and obligations executed prior to opening such proceedings:

The present Opinion refers, in particular, to any instructions initiated in the System by any Participant. In particular, we opine that the provisions of the system Rules establishing the irrevocability of the instructions are valid and legally enforceable and that instructions sent by a Participant and processed in accordance with the Rules may not be cancelled as part of any insolvency or preferential act proceedings or as part of an annullable transaction or for any such reason, pursuant to the legislation of [*jurisdiction*], including by actions for annulment of collateral setting-up or patrimonial rights transfers or any such actions, pursuant to the legislation of [*jurisdiction*].

3.5 Garnishment/Seizure

Where a creditor of the Participant or, where applicable, of the System Administrator requests the issuance of a garnishment/seizure order (including any freezing injunction, seizure order, or any such public or private law aimed at protecting the public interest or the rights of the Participant's creditors, legally opposable) - hereinafter referred to as "Garnishment/Seizure" -

pursuant to the legislation of *[jurisdiction]* by a court, or any other legal, administrative or other such authority from *[jurisdiction],* we opine that: *[conclusions to be inserted].*

3.6 Collateral *[where applicable]*

3.6.a. Assignment/Transfer of rights or assets set up as collateral; pledge agreement; repo agreement

The assignments/transfers of rights for setting up guarantees shall be valid and legally enforceable in accordance with the legislation of *[jurisdiction].* As such, the setting-up and execution of a pledge agreement or a repo agreement *[reference to the applicable agreement concluded with the central bank shall be inserted]* shall be valid and legally enforceable pursuant to the legislation of *[jurisdiction]*.

[Where guarantees from another legal person are required to ensure the Participant's access to the System, it shall be specified that such guarantees will entail the guarantor's responsibility for the debt obligation and will be legally enforceable without any restriction in terms of amount, regardless of the Participant's situation].

3.6.b. Pre-emption of cession rights of the assignees, of beneficiaries of pledges or of buyers in repo agreements over other holders of claim rights

Where insolvency proceedings are opened against or in relation to a Participant, the rights or assets assigned/transferred as guarantees or underlying pledges set up by the Participant in favor of the NBR or any other participants in the System shall have the highest priority rank for payment before any other claim rights of other creditors of the Participant and shall not be subject to any prioritization or privileged creditors.

3.6.c Execution of the guarantee

Even when opening insolvency proceedings against or in relation to a Participant, the other Participants and the NBR, in their capacity as *[assignees, beneficiaries of pledges or buyers in repo agreements, as the case may be]* will be able to exercise and capitalize on the rights or assets of the Participant by means of the measures taken by the System Administrator, pursuant to the Rules.

3.6.d Formal requirements - Registration requirements

The are no formal requirements concerning the form of the assignment/transfer for guaranteeing the Participant's rights or assets, neither is it required to formally register or submit

such *[assignment/transfer for purposes pertaining to the guarantee, pledge agreement or repo agreement, as the case may be]* or any other elements of such *[assignment, pledge agreement or repo agreement, as the case may be]* to a court, government, legal or public competent authority of *[jurisdiction]*, for the setting-up and execution of a pledge or a repo agreement on the Participant's rights and assets.

3.6.e Voidable preferences

The assignment/transfer for guaranteeing the Participant's rights or assets may not be voided by means of any insolvency proceedings or other preferential proceedings, annullable transaction or other reason, pursuant to the legislation of [*jurisdiction*], including by any actions for annulment of collateral setting-up or patrimonial rights transfers or any other such actions, pursuant to the legislation of [jurisdiction].

3.7 Branches and subsidiaries[15] *[where applicable]*

3.7.a. The Opinion applies to the actions undertaken by branches and subsidiaries

Each of the aforesaid declarations and opinions with regard to a Participant are equally accurate and valid according to the legislation of *[jurisdiction]* (i) regardless of the Participant's acting through its headquarters or through one or more branches, located either in *[jurisdiction where the Participant has its registered headquarters]* or in *Romania,* or (ii) if the Participant initiates and receives payment messages from/to a branch as regards the rights and obligations arising from the participation in the System, pursuant to the provisions of the system documentation.

Where the activities of the subsidiary, pursuant to the legislation of *[jurisdiction],* are undertaken on behalf of the headquarters, the payment instructions sent to or received from a subsidiary shall be binding on the said Participant to the same extent and shall produce the same legal effects onto the respective Participant, as if the premises of the subsidiary were the Participant's premises, regardless of any insolvency situation, absence of legal capacity, mandate or previous, simultaneous or subsequent authority or of any other such situation that impinges on the

[15] As regards the subsidiaries, this part of the Opinion is specifically issued for the Participants that hold one or more subsidiaries – starting from the assumptions referred to hereinafter and based on the hypothesis that any subsidiary is authorized to provide funds transfer services in all relevant jurisdictions – if (i) the respective Participant is registered or has its headquarters in *[jurisdiction]*; and/or (ii) any eligible subsidiary of the respective Participant is registered or the headquarters of operations is located in *[jurisdiction]*; and/or (iii) any subsidiary of the respective Participant is located in *[jurisdiction]*.

respective subsidiary or on the subsidiary it pertains to, or any other legal or natural persons involved in the elaboration, transmission or receipt of payment instructions.

Within the legislation of *[jurisdiction]*, the payment instructions initiated or received at the headquarters of a subsidiary shall entail no obligations or rights of the respective subsidiary against any other Participant (other than its parent undertaking) or against the System.

3.7.b. Compliance with the legal provisions

Neither the exercise/fulfillment of the rights and obligations arising from the provisions of the system documentation, nor the transmission/receipt of the payment instructions (i) by a branch of the Participant's organization or (ii) from/to a subsidiary of the Participant shall impinge in any way on the legislation of *[jurisdiction].*

3.7.c. Authorizations required

Neither the exercise/fulfillment of the rights and obligations arising from the provisions of the system documentation nor the transmission/receipt of the payment instructions (i) by a branch of the Participant's organization or (ii) from/to a branch of the Participant shall require authorizations, approvals, consents, notifications, registrations, notary authentications or any other such certifications from/to a court, government, legal or public competent authority of *[jurisdiction]* (including, without limitations, any bank authorization from the Participant that initiates and receives payment instructions through a subsidiary).

The present Opinion shall be valid as of the date of issue and is addressed solely to the National Bank of Romania and *[Participant].* No other person or entity shall rely on the data contained in the present Opinion and any disclosure or dissemination of the information therein to persons or entities other than its nominated addressees or their legal advisors, without a prior written consent, shall be prohibited, except the European Central Bank, the relevant national central banks of the European System of Central Banks and the national central banks or other competent regulatory bodies of *[jurisdiction]*.

Respectfully,

[*Signature*]

Appendix 13 – Access administrator card

Name of SaFIR participant …… Registered office address: …… Telephone: …….. Fax no.: …… U.I.C. (Unique Identification Code): ……..	Acceptat de National Bank of Romania Digital Platforms and Cybersecurity Department No. …… from …….. *(dd-mm-yyyy)*
We authorize:	
Name …… First name ..... SSN/PNC (Social Security number / Personal Numeric Code) ……..... Position ……. Departament ……. Mailing address ……..... …….. NBR secured e-mail ……..... Internet e-mail ……. Telephone …….. Mobile phone …….. Fax no. ……....	Signature specimen:
to send formal requests to the Digital Platforms and Cybersecurity Department within National Bank of Romania and to the electronic signature provider (s) and to receive from them all notifications regarding user management and security management on behalf of starting from date …….. ……..	

(Participant name)	
Authorized person …… (*Name and surname*) …….. *(Position*)	Authorized person …… (*Name and surname*) …….. *(Position)*

Appendix 14 – Power of attorney for participants in the SaFIR system who carry out operations through a Operating Agent

POWER OF ATTORNEY[16]

Purpose and scope

The undersigned (*Name of participant*), with registered office in (*Address of registered office/registered office*), hereinafter referred to as ("*Name of participant*") in its quality of participant of the SaFIR system, represented by (*Name of representative*), having the position of (*Function of representative*) empower

(*Name of the participant designated as Operating Agent*), registered in the trade register with no. (*Number*), with fiscal code/unique registration code (Code), represented by (*Name of representative*), having the function of (*Function of representative*), hereinafter reffered to as "*Operating Agent*"

so that in the name (*Name of the participant*) and for him to fulfill all the formalities related to the accounts (hereinafter referred to as "*Accounts*"), opened by (*Name of the participant*) within the SaFIR system, owned and operated by the National Bank of Romania, in accordance with the terms of this document.

The accounts opened in the SaFIR system are:

a) .....

b) ..... etc.

[16] The power of attorney is mandatory for the participants in the SaFIR system who do not have access to the RCI-IPF network and who carry out the operations through a Operating Agent. This document is a standard model, which can be adapted, as appropriate, to specificities.

Limits of the authorization granted to the Operating Agent:

The undersigned (*Name of the participant*) authorize the *Operating Agent* to exercise and execute on my behalf any act, power or right and any obligation that (*Name of the participant*) has now or may subsequently acquire in connection with the *Accounts*.

In order to fulfill this mandate, the *Operating Agent* is authorized to perform all the actions that fall under (*Name of the participant*);s obligations, according to the *SaFIR System Rules* in relation to the *Accounts*, respectively to prepare, execute, deliver and accept the delivery of any documents, respectively to transmit, modify and cancel them.

(*Name of the participant*) confirms and agrees, when necessary, and at any time, to what the *Operating Agent* will do or require to do or cause to be done by virtue of this power of attorney, in connection with the *Accounts*.

(*Name of the participant*) admits that any actions performed by the *Operating Agent* based on this power of attorney are mandatory in relation to the National Bank of Romania and to third parties as if they were performed by (*Name of the participant*).

National Bank of Romania

a) accept and follow any instructions under the *SaFIR System Rules* from the *Operating Agent* for (*Name of Participant*) as a participant in the SaFIR system, as if received from the latter;
b) send to the *Operating Agent* reports, messages, notifications and / or any other information and / or documents that may or must be sent (*Name of the participant*), in accordance with the *SaFIR System Rules*;
c) answer the questions asked by the *Operating Agent* in reference to the *Accounts*.

This power of attorney is conclusive and binding for (*Name of participant*) and for the Operating Agent, and the National Bank of Romania must be informed immediately, in case it has been revoked.

Revocation of power of attorney:

All actions included in the objective of this power of attorney are binding on the *Operating Agent*, unless the National Bank of Romania and the *Operating Agent* have received express written notice of revocation of this power of attorney at least 3 (three) business days prior to the date of its entry into force.
Any revocation of this power of attorney must be made in writing and take effect at the end of the next working day from which the *Operating Agent* and the National Bank of Romania have confirmed in writing that they have received the notice of revocation.

Final provisions:

All notifications that are the subject of this power of attorney are made according to section no. 24 - notifications from the *SaFIR System Rules*.

This power of attorney enters into force on ___ / ____ / ___ and is valid for 3 (three) years from the date of entry into force and is automatically renewed every 3 (three) years, without fulfilling any other formality.

This power of attorney is governed by and construed in accordance with Romanian law.

(*Name of participant*):

Name: .....:[17]
Position:.....:

(*Name of operating agent*):

Name: .....
Position: .....

[17] The power of attorney must be signed by authorized persons to represent the participant.