



NATIONAL BANK OF MOLDOVA EXECUTIVE BOARD

DECISION No 329
OF 19 DECEMBER 20 24

**On approval, amendment and repeal of some normative acts
Of the National Bank of Moldova (on liquidity coverage requirement
and stable funding requirement)**

Pursuant to Article 44 letter a) of Law No 548/1995 on the National Bank of Moldova (republished in the Official Monitor of the Republic of Moldova, 2015, No 297-300, art.544), with further amendments, art.76, 84 and 91 par. (1) of Law No 202/2017 on the activity of banks (Official Monitor of the Republic of Moldova, 2017, No 434-439, art.727), with further amendments and to implement:

– art. 1 letter (c); art. 411 (pt. 1 letters (a), (b), (d), (e)-(h), (j)); 2 - 5; 8 - 17); art. 412 par. (1) and (2); art. 413 par. (1), (3) and (4); art. 414; art. 415 par. (1), (2) and (3) letters (a) and (b); art. 428a; art. 428b; art. 428c; art. 428d; art. 428e; art. 428f par. (1) and (2); art. 428h par. (1); art. 428i; art. 428j; art. 428k; art. 428l; art. 428m; art. 428n; art. 428o; art. 428p; art. 428q; art. 428r; art. 428s; art. 428u; art. 428v; art. 428x; art. 428y; art. 428ad; art. 428ae; art. 428af; art. 428ag; art. 428ah of Regulation No 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for the credit institutions and investment firms and the amendment of the Regulation (UE) No 648/2012, published in the Official Journal of the European Union L 176 of 27 June 2013, CELEX: 32013R0575, as it was amended the last time by the Regulation (EU) 2019/876 of the European Parliament and the Council of 20 May 2019;

– art. 2 par. (2) and (3) letter (a) – (c) and (e); art. 3 (pt. 6); art. 4 par. (1)-(5); art.5; art.6; art. 7; art.8; art.9; art. 10 par. (1) letters (a)- (d) and par.(2); art.11, art.12 par.(1) letters (b) and (c), par.(2) letters (b) and (c); art. 15 par.(1) letter (b), par.(2) letters (a), (b), (d) and (h); par. (3), par. (4) first sentence, letter (a) and last sentence, par.(5); art. 17 par.(1) letters (a) and (c), par. (2)-(4); art.18; art.19 par.(1) and (2); art.20; art. 21; art. 22; art. 23 par. (1) and (2); art.24 par.(1)-(3); art.25; art.26; art.27 par.(1), (2), (4)-(6); art. 28; art.29 par.(1); art. 30 par. (1) - (7), (12); art.31 par.(1)-(5), (8); art. 31a; art. 32; art.33; art.34 par.(1); art.39; Annex I and Annex II of the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to complete the Regulation (EU) No 575/2013 of the European Parliament and the Council regarding the liquidity coverage requirement for credit institutions, published in the Official Journal of the European Union L 11 of 17 January 2015, CELEX: 32015R0061, as it was amended the last time by the Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018;

– The Commission Delegated Regulation (EU) 2017/208 of 31 October 2016 to complete the Regulation (EU) No 575/2013 of the European Parliament and the Council regarding the regulatory technical standards for additional liquidity outflows corresponding to collateral needs resulting from the impact of an adverse market scenario on an institution's derivative transactions, published in the Official Journal of the European Union L 33 of 8 February 2017, CELEX: 32017R0208,

The Executive Board of the National Bank of Moldova

DECIDES:

1. To approve the Regulation on liquidity, according to the Annex.

2. The Decision of the Executive Board of the National Bank of Moldova No 44/2020 for approval of Regulation on Liquidity Coverage Requirements for Banks (Official Monitor of the Republic of Moldova, 2020, No 87-93, art.317), registered by the Ministry of Justice of the Republic of Moldova No 1543/2020 shall be repealed.

3. The Regulation on the bank liquidity, approved by the Executive Board of the National Bank of Moldova, Minute No 28 of 08.08.1997 (Official Monitor of the Republic of Moldova, 1997, No 64-65, art.105) shall be repealed.

4. Regulation on banks' requirement of information publication, approved by the Decision of the Executive Board of the NBM No158/2020 (Official Monitor of the Republic of Moldova, 2020, No 188-192, art.667), registered by the Ministry of Justice of the Republic of Moldova under No 1581/2020, is amended as follows:

- 1) In point 25:
 - a) subpoint 2) letter d) shall read as follows:
„d) liquidity indicators;”
 - b) subpoint 5) shall be repealed.
- 2) In Annex No 1 in the chart:
 - a) the name of column 1 will read as follows: „management month /management quarter”;
 - b) the name of column 2 will read as follows: „prior management month /prior management quarter”;
 - c) lines 4.1- 4.11 are excluded.
 - d) the following lines are inserted after line 4:

4.1 ¹	Liquidity coverage ratio 14 ¹					
4.1.1 ¹	Total high quality liquid assets (HQLA) (average weighted value)	mil.lei				
4.1.2 ¹	Cash outflows – Total weighted value	mil.lei				
4.1.3 ¹	Cash inflows – Total weighted value	mil.lei				
4.1.4 ¹	Total net cash outflows (adjusted value)	mil.lei				
4.1.5 ¹	Liquidity coverage ratio (LCR)	%				
4.2 ¹	Net stable funding ratio 14 ²					
4.2.1 ¹	Total available stable funding	mil.lei				
4.2.2 ¹	Total required stable funding	mil.lei				
4.2.3 ¹	Net stable funding ratio (NSFR)	%				

- 3) In the section „How to calculate certain indicators”:
 - a) Points 14, 15 and 16 are repealed;
 - b) Point 14¹ shall read as follows:
„14¹. Liquidity coverage ratio is calculated according to the Regulation on liquidity, approved by the Decision of the Executive Board of the National Bank of Moldova No 329/2024”;
 - c) Add new point 142 to read as follows:
„14². Net stable funding ratio is calculated according to the Regulation on liquidity, approved by the Decision of the Executive Board of the National Bank of Moldova No 329/2024.

5. In point 6 subpoint 3 of Annex No 4 of the Regulation on bank governance framework, approved by the Decision of the Executive Board of the National Bank of Moldova No 322/2018 (Official Monitor of the Republic of Moldova, 2019, No 1-5, art.56), registered at the Ministry of Justice of the Republic of Moldova under No 1400/2018, the text „Regulation on liquidity coverage requirements for banks, approved by the Decision of the Executive Board of the National Bank of Moldova No 44/2020” transposes the text „Regulation on liquidity, approved by the Decision of the Executive Board of the National Bank of Moldova No 329/2024”.

6. Point 5 subpoint 3) of the Regulation regarding the supervision of banks on a consolidated basis, approved by the Decision of the Executive Board of the NBM No 101/2020 (Official Monitor of the Republic of Moldova, 2020, No 118-123, art.463), after the text „art.76 par.(2)” is completed with the text „and (3)”.

7. This Decision shall enter into force on July 1, 2025, except the point 3 which shall enter into force on January 1, 2026.

**CHAIRMAN
OF THE EXECUTIVE BOARD**

Anca-Dana DRAGU

No 329, Chisinau, 19 December 2024.

Annex
To the Decision of the Executive Board
Of the National Bank of Moldova
No 329 of 19 December 2024

REGULATION WITH REGARD TO LIQUIDITY

This regulation implements:

– Article 1 letter (c); art. 411 (point 1 letter (a), (b), (d), (e)-(h), (j); 2 - 5; 8 - 17); art. 412 par. (1) and (2); art. 413 par. (1), (3) and (4); art. 414; art. 415 par. (1), (2) and (3), letter (a) and (b); art. 428a; art. 428b; art. 428c; art. 428d; art. 428e; art. 428f par. (1) and (2); art. 428h par. (1); art. 428i; art. 428j; art. 428k; art. 428l; art. 428m; art. 428n; art. 428o; art. 428p; art. 428q; art. 428r; art. 428s; art. 428u; art. 428v; art. 428x; art. 428y; art. 428ad; art. 428ae; art. 428af; art. 428ag; art. 428ah of the Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 regarding the prudential requirements for credit institutions and investment firms and Regulation amendment (EU) No 648/2012, published in the Official Journal of the European Union Law 176 of 27 June 2013, CELEX: 32013R0575, as it was amended ultimately by the Regulation (UE) 2019/876 of the European Parliament and of the Council of 20 May 2019;

– art. 2 par. (2) and (3) letters (a)–(c) and (e); art. 3 (pt 6); art. 4 par. (1)-(5); art.5; art.6; art.7; art.8; art.9; art.10 par. (1) letter (a)- (d) and par.(2); art.11 art.12 par.(1) letter (b) and (c), par.(2) letters (b) and (c); art.15 par.(1) letter (b), par.(2) letter (a), (b), (d) and (h); par. (3), par. (4) first sentence, letter (a) and the last sentence, par.(5); art. 17 par.(1) letter (a) and (c), paragraphs (2)-(4); art.18; art.19 par.(1) and (2); art.20; art. 21; art. 22; art. 23 paragraphs (1) and (2); art. 24 paragraphs (1)-(3); art.25; art.26; art.27 paragraphs (1), (2), (4)-(6); art.28; art.29 par.(1); art. 30 paragraphs (1)-(7), (12); art.31 paragraphs (1)-(5), (8); art. 31a; art. 32; art.33; art.34 par.(1); art.39; Annex I and Annex II of the Delegated Regulation (UE) 2015/61 of the Commission of 10 October 2014 to complete the Regulation (UE) No 575/2013 of the European Parliament and of the Council on the liquidity coverage requirement for credit institutions, published in the Official Journal of the European Union L 11 of 17 January 2015, CELEX: 32015R0061, as it was amended ultimately through the Delegated Regulation (EU) 2018/1620 of the Commission of 13 July 2018;

– Delegated Regulation (EU) 2017/208 of the Commission of 31 October 2016 to complete the Regulation (EU) No 575/2013 of the European Parliament and of the Council regarding the regulatory technical standards for additional liquidity outflows corresponding to collateral needs arising from the impact of an adverse market scenario on an institution's derivative transactions published in the Official Journal of the European Union L 33 of 8 February 2017, CELEX: 32017R0208,

TITLE I GENERAL PROVISIONS

Chapter I. Liquidity requirements implementation

1. This regulation establishes rules that have to accomplish banks that are legal entities in the Republic of Moldova, along with branches from the Republic of Moldova of other States' banks (hereinafter – “banks”) in order to define, calculate and report:

1.1. the liquidity coverage requirement, as the ratio between the liquidity buffer and the bank's net liquidity outflows during a 30-day period of severe liquidity stress (hereinafter “stress”);

1.2. stable funding requirement, as the ratio of the bank's available stable funding to its required stable funding.

2. In addition to the mandatory indicators referred to in paragraph 1, in order to provide supervisors with an adequate set of tools to assess liquidity risk and to ease their internal liquidity adequacy assessment process (ILAAP), banks shall report to the National Bank of Moldova the additional liquidity monitoring indicators listed in Chapter VII.

3. Banks shall comply on an individual basis with the provisions of this Regulation.

4. Banks shall comply, to the extent and in accordance with the methods set out in the Regulation on the supervision of banks on a consolidated basis, approved by Decision of the Executive Board of the National Bank of Moldova (hereinafter - the Decision of the Executive Board of the NBM) No 101/2020 (hereinafter - Regulation No 101/2020), with the requirements referred in Title II on the basis of their consolidated situation and all of the following provisions:

4.1. assets in other States held by a branch in another State may be recognized as liquid assets for consolidation purposes if they qualify as liquid assets under the national law of that State determining the requirement to cover liquidity needs and if they meet one of the following conditions:

4.1.1. the assets meet all the requirements laid down in Chapter II, Title II;

4.1.2. the assets do not meet the specific requirement laid down in Subsections 2 and 3, Section 2, Chapter II, Title II regarding their issue amount but meet all other requirements laid down in that chapter.

Assets that may be recognized under subparagraph 4.1.2 may be eligible only up to the amount of the net liquidity outflows in stress situations recorded in the currency in which they are denominated and which arise from the same branch;

4.2. outflows of liquidity from a branch in another State to which, under the national law of that State determines the liquidity coverage requirement, higher outflow rates than those referred to in Chapter III, Title II apply, shall be subject to consolidation in accordance with the higher rates provided for by the national law of that State;

4.3. liquidity inflows into a branch in another State to which, under the national law of that State determining the liquidity coverage requirement, lower exit rates than those referred to in Chapter III, Title II apply, shall be subject to consolidation at the lower rates prescribed by the national law of that State;

4.4. at the consolidated level, the amount of receipts from a specialized bank, as referred to in paragraphs 126 and 127, shall be acknowledged only up to the amount of the outflows from the same specialized bank.

5. Where the net stable funding ratio, as set out in Title III, is applied on a consolidated basis in accordance with Regulation No 101/2020, the following provisions shall apply:

5.1. the assets and off-balance-sheet items of a branch headquartered in another State, to which the required stable funding factors under the net stable funding requirement laid down by the national law of that State are higher than those referred to in Chapter III, Title III, are subject to consolidation in accordance with the higher factors laid down by the national law of that State;

5.2. the liabilities and own funds of a branch headquartered in another State, to which available stable funding factors under the net stable funding requirement prescribed by the national law of that State are lower than those referred to in Chapter II, Title III, shall be subject to consolidation in accordance with the lower factors prescribed by the national law of that State;

5.3. assets in another State which meet the requirements set out in Title II and which are held by a branch headquartered in another State shall not be recognized as liquid assets for consolidation purposes if they do not qualify as liquid assets under the national law of that State and determine the requirement to cover liquidity needs.

Chapter II. Definitions

6. The terms and expressions used in this Regulation shall have the meaning provided in the Law No 202/2017 on the activity of banks (hereinafter - "Law No 202/2017") and in the normative acts of the National Bank of Moldova (hereinafter - NBM) issued in application of the said Law.

7. For the purposes of this Regulation, the following definitions shall apply:

7.1. 'Level 1 assets' means assets with an extremely high level of liquidity and credit quality in accordance with Section 2, Chapter II, Title II;

7.2. 'Level two assets' means assets with a high level of liquidity and credit quality. Level two assets are subdivided into Level two 2A assets and Level two 2B assets in accordance with Section 2, Chapter II, Title II;

7.3. "unencumbered assets" means assets that are not subject to any legal, contractual, regulatory or other restrictions that prevent the bank from liquidating, selling, transferring, assigning or generally disposing of such assets in an outright sale transaction or repurchase agreement;

7.4. "deposit broker" means a natural person or a company that places third-party deposits, including retail deposits and corporate deposits, but excluding deposits from non-bank financial institutions, with banks, in exchange of a fee;

7.5. "financial customer" means a customer that performs as its main activity one or more of the activities listed in Article 14 of Law 202/2017 or is one of the following entities:

7.5.1. a bank;

7.5.2. an investment company;

7.5.3. a non-bank financial institution;

7.5.4. a collective investment undertaking (hereinafter - "CIU");

7.5.5. a non-open ended investment scheme;

7.5.6. an insurance undertaking;

7.5.7. a reinsurance undertaking;

7.5.8. a financial holding company or a mixed-financial holding company;

7.5.9. a voluntary pension fund as defined in Article 2 of Law No 198/2020 on voluntary pension funds;

7.6. "derivative contracts" means the derivative contracts listed in Annex I to the Regulation on the treatment of market risk according to the standardized approach, approved by the DEB No 114/2018 (hereinafter Regulation No 114/2018) and credit derivatives;

7.7. "margin lending" means collateralized loans granted to customers for the purpose of taking leveraged trading positions;

7.8. „stress" means a sudden or severe deterioration in the solvency or liquidity position of a bank as a result of changes in market conditions or adverse factors that result in a significant risk that the bank will be unable to perform its commitments falling due within the next 30 days;

7.9. "retail deposits" means a debt to an individual or to an SME (as defined in subparagraph 7.14), if the SME would qualify for the retail exposure class set out in paragraph 61 of the

Regulation on the treatment of credit risk for banks under the standardized approach, approved by the DEB No 111/2018 (hereinafter Regulation No 111/2018) and if the aggregate deposits of such SME, at group level, do not exceed MDL 5 million;

7.10. “committed credit or liquidity facility” means a credit or liquidity facility that is irrevocable or revocable under certain conditions;

7.11. “factoring” means a contractual agreement between a business (assignor) and a financial entity (factor), whereby the assignor assigns/sells its receivables to the factor and the factor provides to the assignor one or more of the following services in respect of the assigned receivables:

7.11.1. the advance of a percentage of the value of the assigned receivables, usually short-term, uncommitted and without automatic accumulation;

7.11.2. receivables management, collection and credit protection; as a rule, the factor administers the sales ledger of the acquirer and collects the receivables in its own name, for the purposes of title III, factoring is treated as trade financing;

7.12. “wholesale funding” means funding that does not fall into the category of retail deposits as defined in subparagraph 7.9;

7.13. “net liquidity outflows” means the amount resulting from the decrease of bank's liquidity inflows by its liquidity outflows in accordance with Title II, Chapter III, Section 1, Chapter III;

7.14. “SME” means a micro-enterprise, a small enterprise and a medium-sized enterprise, as defined by Law No 179/2016 on small and medium-sized enterprises;

7.15. “reporting currency” means Moldovan leu;

7.16. “liquidity buffer” means the amount of Level 1 and Level 2 assets that a bank holds in accordance with Section 2, Chapter II, Title II;

7.17. “deposit guarantee scheme of another country equivalent to the regulations of the European Union” (hereinafter – deposit guarantee scheme of another country equivalent to the EU) means a scheme that applies the deposit protection standards of the regulations on guarantee schemes of deposits of the European Union (Directive 2014/49 on deposit guarantee schemes) at least with reference to:

- specific requirements concerning the repayment period;
- ex-ante financing;
- access to additional financial means in the in case of a massive call on the guarantee scheme reserves.

The information on the correspondence of the deposit guarantee scheme of another State with the European Union regulations, in which the compliance with the mentioned standards is established and kept on the bank's premises, it is submitted upon NBM's request;

7.18. “personal investment company” (“PIC”) means an enterprise or trust, the actual owner or beneficial owner of which is either a natural person or a group of connected natural persons, which does not carry out any other commercial, industrial or professional activity, and which is constituted for the sole purpose of managing the wealth of the owner or owners, including related activities such as separating the owners’ assets from the corporate assets, helping to facilitate the transfer of assets within a family or preventing the division of assets after the death of a family member, on condition that these related activities are connected with the main purpose of managing the owners’ assets;

7.19. “collateral swaps” means transactions in which Level 1 liquid assets have been obtained under collateral that does not qualify as a Level 1 liquid asset.

Chapter III. Requirement to cover liquidity needs

8. Banks are required to hold liquid assets, the sum of which covers the difference between liquidity outflows and liquidity inflows in a stress situation. Therefore, banks have to maintain levels of liquidity provision that enable them to cope with possible imbalances between liquidity inflows and outflows in a liquidity stress situation within a 30-day period.

9. Banks shall not double count liquidity outflows, liquidity inflows and liquid assets. Unless otherwise is provided in Title II, where an item can be counted in more than one outflow category, it shall be counted in the outflow category that produces the largest contractual outflow for the item concerned.

Chapter IV. Stable funding requirement

10. Banks shall ensure that long-term assets and off-balance sheet items are adequately covered by a set of funding instruments that are stable under both normal and stressed conditions.

11. The provisions set out in title III shall apply for the purposes of specifying the stable funding requirement set out in chapter 10 and the reporting obligations for banks set out in chapter VI.

Chapter V. Compliance with liquidity requirements

12. A bank which fails or expects to fail to comply with the requirements set out in chapter III or chapter IV, including in times of stress, shall immediately notify the NBM and submit without undue delay a plan to the NBM to restore compliance with the requirements set out in chapter III or chapter IV, as applicable, in a timely manner.

13. Until compliance is re-established, the bank shall report the items referred to in title II or title III, according to the forms set out in Annexes No 12 and 13 of the Instruction on the submission by banks of COREP reports for supervisory purposes approved by the DEB No 117 /2018 (hereinafter - Instruction No 117/2018), on a daily basis by the end of each business day, unless the NBM approves a lower reporting frequency and a longer reporting deadline.

14. The NBM shall grant the approvals referred to in item 13 only on the basis of the bank's individual situation, taking into account the scale and complexity of its activities.

15. The NBM monitors the implementation of the restoration plan and imposes a faster return to compliance, as appropriate.

Chapter VI. Reporting obligation and reporting format

16. Banks shall report to the NBM in accordance with Annexes No 12 and 13 of Instruction No 117/2018 the items related to the reporting of the liquidity coverage ratio and the net stable funding ratio, in the reporting currency, regardless of the actual denomination of the respective items.

17. Without prejudice to the requirements of paragraph 13, the reporting frequency shall be at least monthly for items referred to in title II and at least quarterly for items referred to in title III.

18. Banks report separately to the NBM the items referred to in titles II and III as follows:

18.1. if items are denominated in a currency other than the reporting currency and the bank has aggregate liabilities denominated in such currency that are greater than or equal to 5 % of the total liabilities of the bank or the single liquidity sub-group, excluding own funds and off-balance sheet items (significant currency), reporting shall be in the currency of denomination;

18.2. when items are denominated in the reporting currency and the aggregate amount of liabilities denominated in currencies other than the reporting currency is equal to or greater than 5 % of the total liabilities of the bank or the single liquidity sub-group, excluding own funds and off-balance sheet items, reporting shall be in the reporting currency.

Chapter VII. Additional liquidity monitoring metrics

19. In order to get a comprehensive picture of the liquidity risk profile, depending on the nature, scale and complexity of the bank's activities, banks shall report to the NBM liquidity by maturity bands as an additional liquidity monitoring metrics.

20. Banks shall report to the NBM the liquidity by maturity bands in accordance with Annex No 111 to Instruction No 117/2018 in the format and with the frequency set out in Instruction No 117/2018.

TITLE II
LIQUIDITY COVERAGE RATIO
Chapter I
SPECIFIC PROVISIONS RELATED TO THE LIQUIDITY COVERAGE RATIO
Section 1

Liquidity coverage ratio

21. For the purposes of paragraph 8, the liquidity coverage requirement shall be equal to the ratio of a bank's liquidity buffer to its net liquidity outflows over a 30-day liquidity stress period and shall be expressed as a percentage. Banks calculate their liquidity coverage ratio according to the formula:

$$\frac{\text{Liquidity buffer}}{\text{Net liquidity outflows during a 30-day stress period}} = \text{Liquidity coverage ratio (LCR) (\%)}$$

22. Banks maintain a liquidity coverage ratio of at least 100%.

23. By derogation from paragraph 22, banks may monetize their liquid assets to cover their net liquidity outflows during periods of stress, even if such use of liquid assets may result in their liquidity coverage ratio falling below 100% during those periods.

24. If, at any time, a bank's liquidity coverage ratio has fallen or could reasonably be expected to fall below 100 %, the requirement set out in Chapter V , Title I shall apply.

25. Banks shall determine and monitor their liquidity coverage ratio in the reporting currency for all items regardless of the actual currency of denomination.

In addition, banks shall separately calculate and monitor their liquidity coverage ratios for certain items as follows:

25.1. for items subject to separate reporting in a currency different from the reporting currency in accordance with Chapter VI of Title I, banks shall calculate and monitor independently their liquidity coverage ratio in that different currency;

25.2. for items denominated in the reporting currency, where the aggregate amount of liabilities in other currencies than the reporting currency exceeds or equals 5% of the bank's total liabilities, excluding own funds and off-balance sheet items, banks shall calculate and monitor their liquidity coverage ratio in the reporting currency separately.

Section 2

Stress scenarios for the purpose of the liquidity coverage ratio

26. The following scenarios shall be considered as examples of circumstances in which a bank may be considered to be in a stress situation:

26.1. withdrawing a significant amount of its retail deposits;

26.2. the partial or total loss of unsecured wholesale funding capacity, including wholesale deposits and other contingent funding sources, such as committed or uncommitted liquidity or credit lines (which may be unconditionally cancelled at any time without notice or which attract automatic cancellation due to deterioration in the creditworthiness of the borrower) obtained;

26.3. a partial or total loss of short-term secured financing;

26.4. additional liquidity outflows as a result of credit rating damage of up to three notches;

26.5. increased market volatility affecting the quality of the collateral or generating additional collateral needs;

26.6. unscheduled uses of liquidity and credit facilities;

26.7. potential obligation to repurchase debt or to honor non-contractual commitments.

CHAPTER II
LIQUIDITY BUFFER
Section 1

General provisions on liquidity buffer

Subsection 1

Composition of the liquidity buffer

27. In order to be eligible to form part of a bank's liquidity buffer, liquid assets shall, subject to the exceptions set out in this Chapter, cumulatively comply with the following requirements:

27.1. general requirements set out in Subsection 3;

27.2. operational requirements set out in Subsection 4;

27.3. the appropriate eligibility criteria for their classification as Level 1 or Level 2 assets in accordance with Section 2.

Subsection 2

Composition of the liquidity buffer for each asset level

28. A bank shall at all times comply with the following requirements regarding the composition of its liquidity buffer:

28.1. At least 60% of the liquidity buffer is composed of Level 1 assets;

28.2. A maximum of 15% of the liquidity buffer can be held as Level 2B assets.

29. The requirements set out in paragraph 28 shall apply after adjusting for the impact on the stock of liquid assets of secured funding, secured lending transactions or collateral swap transactions with liquid assets on at least one segment of the transaction where such transactions mature within up to 30 days, after the deduction of any applicable margins, to ensure that the bank complies with the operational requirements set out in Subsection 4.

30. Banks shall determine the composition of their liquidity buffer in accordance with the formulas set out in Annex 1 to this Regulation.

31. The NBM, upon review, may grant waivers from the application of paragraphs 29 and 30, in whole or in part, in respect of one or more securities financing transactions, secured lending transactions or collateral swap transactions using liquid assets in at least one segment of the transaction and maturing within 30 days, if all the following conditions are met:

31.1. the counterparty to the transaction(s) is the NBM, the European Central Bank (hereinafter - ECB) or the central bank of another country, as long as the exposures to that central bank receive a credit assessment by a designated External Credit Assessment Institution (ECAI), which the NBM has associated with at least credit quality step 1 in accordance with item 30 of Regulation No 111/2018;

31.2. there are exceptional circumstances which entail a systemic risk that affects the banking sector in the Republic of Moldova;

31.3. prior to granting such waiver, the NBM has consulted the central bank which is the counterparty to the transaction or transactions.

Subsection 3

General requirements for liquid assets

32. In order to be considered liquid assets, a bank's assets meet the following conditions:

32.1. Assets are property, rights or interests owned by banks or held in the portfolio referred to in subparagraphs 32.1.1 and are unencumbered within the following 30 days. The following assets are considered to be unencumbered:

32.1.1. Assets included in a portfolio which are available for immediate use as collateral to obtain additional funding under committed and not yet funded credit lines available to banks or, if the portfolio is administered by the NBM/central banks, under uncommitted and not yet funded credit lines available to banks. Banks shall estimate the assets in the portfolio to be encumbered in ascending order of liquidity according to the liquidity classification set out in Section 2, starting with assets not eligible for the liquidity buffer;

32.1.2. assets that banks receive as collateral to minimize credit risk in reverse repo or of financing transactions through financial instruments and which banks can alienate.

32.2. The assets were not issued by the bank itself, its parent undertaking other than a public sector entity that is not a bank, its branch or another subsidiary of its parent undertaking.

32.3. The assets have not been issued by any of the following entities:

32.3.1. another bank, unless the issuer is a public sector entity referred to in subparagraph 42.3 or in subparagraphs 44.1 and 44.2;

32.3.2. an investment company;

32.3.3. an insurance undertaking;

32.3.4. a reinsurance undertaking;

32.3.5. a financial holding company;

32.3.6. a mixed financial holding company;

32.3.7 any other entities that carry out one or more of the activities listed in Article 14 of Law No 202/2017 as their main activity.

32.4. The value of assets can be determined on the basis of widely disseminated and accessible market prices. In the absence of market prices, the value of assets may be determined on the basis of a formula using public data. The formulas used should be clear and concise.

32.5. The assets are listed on a recognized stock exchange or are traded in an active solid sale transaction or an outright repurchase transaction on generally accepted repurchase markets. These criteria shall be assessed separately for each market. An asset admitted to trading on an organized trading venue which is not a recognized stock exchange, neither in the Republic of Moldova nor in another State, shall be considered liquid only if the trading venue constitutes an active and sizeable market for outright sales of assets. The Bank shall consider the following factors as the minimum criteria for assessing whether a trading venue constitutes an active and sizable market for the purposes of this subparagraph:

32.5.1. historical evidence of market breadth and depth, as evidenced by narrow bid/offer spreads, high transaction volume, and the large number and diversity of market participants;

32.5.2. presence of a strong market infrastructure.

32.6. The requirements set out in subparagraphs 32.4 and 32.5 do not apply to:

32.6.1. banknotes and coins mentioned in subparagraph 42.1;

32.6.2. exposures to central governments referred to in subparagraph 42.4;

32.6.3. exposures to central banks referred to in subparagraphs 42.2 and 42.4 and in subparagraphs 44.2;

32.6.4. exposures to the central public administration of the Republic of Moldova referred to in subparagraph 42.3.1.

Subsection 4

Operational requirements

33. Banks shall apply policies and limits to ensure that their liquid asset holdings, including their liquidity buffer, remain adequately diversified at all times. Thus, banks shall consider the degree of diversification across and within the different categories of liquid assets referred to in Section 2 and any other relevant diversification factors, such as the types of issuers, counterparties or the geographical location of such issuers and counterparties.

Pursuant to Article 139(3)(m) of Law No 202/2017, the NBM may impose specific liquidity requirements, including restrictions on the liquid assets held by a bank to ensure compliance with the requirement set out in this paragraph. Any such requirement including restriction shall not apply:

33.1. the following categories of Level 1 assets:

33.1.1. banknotes and coins mentioned in subparagraph 42.1;

33.1.2. exposures to the central banks mentioned in subparagraphs 42.2 and 42.4;

33.1.3. assets constituting claims on, or assets guaranteed by multilateral development banks and the international organizations referred to in paragraphs 46 and 47 of Regulation No 111/2018 respectively;

33.2. Level 1 asset categories which are claims on or guaranteed by central or regional governments, local authorities or public sector entities referred to in subparagraphs 42.3 and 42.4, as long as the bank holds the asset in question to cover liquidity outflows in the respective national

currency in case of stress, or the asset is issued by central or regional governments, local authorities or public sector entities of the Republic of Moldova.

34. Banks have free access to the liquid assets they hold and are able to monetize them at any time during the 30-day stress period through a outright sale or repurchase agreement on generally accepted repurchase markets. A liquid asset is available to a bank if there are no legal or practical impediments to the bank's ability to monetize the asset in a timely manner.

Assets used to improve credit quality in structured transactions or to cover banks' operational costs are not considered to be available to a bank.

Assets held in another State where there are restrictions on their free transfer are considered to be accessible only to the extent that the bank uses these assets to cover liquidity outflows from that State. Assets held in a non-convertible currency shall be regarded as accessible only to the extent that the bank uses these assets to cover liquidity outflows in that currency.

35. Banks shall ensure that their liquid assets are under the control of a specific liquidity management function within the bank. Compliance with this requirement shall be considered appropriate in one of the following manners:

35.1. placing liquid assets in a separate portfolio, managed directly by the liquidity management function, for the sole reason of being used as a source of contingent funds, including in times of stress;

35.2. Establishing internal systems and controls that enable the liquidity management function to have effective operational control to monetize liquid assets held at any time during the 30-day stress period and to access contingent funds without directly conflicting with any existing business or risk management strategies. In particular, an asset shall not be included in the liquidity buffer if monetizing the asset, without substitution, during the 30-day stress period to remove a hedge that would create an open risk position that would exceed the bank's internal limits;

35.3. By combining the options in sub-paragraphs 35.1 and 35.2 with the NBM's approval, as long as the bank justifies the necessity and the conditions which combines the respective modes.

36. Banks shall monetize a sufficiently representative sample of the liquid assets they hold on a regular basis, at least once a year, by outright sale or simple repurchase agreement on a generally accepted repurchase market. Banks shall develop strategies for disposing samples of liquid assets that are appropriate for:

36.1. test the market access and usability of these assets;

36.2. verify the effectiveness of the procedures used by the bank for the timely monetization of assets;

36.3. to minimize the risk of sending a negative signal to the market as a result of the bank monetizing its assets in times of crisis.

37. The requirement set out in paragraph 36 shall not apply to Level 1 assets specified in subsection 1, section 2.

38. The requirement set out in paragraph 34 shall not prevent banks from covering the market risk on their liquid assets, as long as the following conditions are met:

38.1. the bank shall establish adequate internal arrangements in accordance with paragraphs 34 and 35 to ensure that these assets remain available and under the control of the liquidity management function;

38.2. the net cash inflows and outflows that would arise in the case of an early liquidation of the hedge shall be considered in the valuation of the asset in accordance with paragraph 41.

39. Banks shall ensure that the currency expression of their liquid assets corresponds to the currency distribution of their net liquidity outflows. However, where appropriate, the NBM may require banks to restrict currency mismatches by setting limits on the proportion of net liquidity outflows in a currency that can be covered during a stress period by holding liquid assets that are not denominated in that currency. This restriction may be applied only for a currency that is separately reportable in accordance with paragraph 18. For determining the level of any currency mismatch restriction that may be applied in accordance with this paragraph, at least the following elements shall be taken into account:

39.1. the bank's ability to take any of the following measures:

39.1.1. the use of liquid assets to produce liquidity in the currency and jurisdiction in which the net outflow of liquidity takes place;

39.1.2. the carrying out of currency swaps and fund-raising on foreign exchange markets in stress conditions corresponding to the 30-day crisis period referred to in Section 1, Chapter I;

39.1.3. the transfer of excess liquidity from one currency to another and between jurisdictions and legal entities within its group under stress conditions corresponding to the 30-day shortage period set out in Section 1, Chapter I;

39.2. the impact of sudden and severe exchange rate movements on existing uncorrelated positions and on the effectiveness of any existing currency hedges.

40. Any currency mismatch restriction imposed in accordance with item 39 shall be regarded as a specific liquidity requirement established as a result of the assessments and analyses carried out in accordance with the provisions of Article 139 paragraphs (6) and (7) of Law No 202 /2017.

Subsection 5

Valuation of liquid assets for the purpose of calculating liquidity coverage ratio

41. For the purpose of calculating its liquidity coverage ratio, the bank shall use the market value of its liquid assets. The market value of the liquid assets shall be reduced in accordance with the haircuts set out in section 2 and in accordance with subsection 38.2, as appropriate.

Section 2

Liquid assets

Subsection 1

Level 1 assets

42. Level 1 assets comprise only assets which fall into one or more of the following categories and which meet, in each case, the eligibility criteria set out below:

42.1. coins and banknotes;

42.2. the following exposures to central banks:

42.2.1. assets representing claims on the NBM. In this context, such claims include:

42.2.1.1. overnight deposits of banks with the NBM;

42.2.1.2. the daily reserve excess, which is calculated as the positive difference between the actual daily reserve and the set reserve requirement. Required reserves held by the bank with the NBM are not included in the Level one asset category;

42.2.1.3. term deposits with the NBM that are explicitly and contractually repayable upon notification. Other term deposits with the NBM are not eligible for the liquidity buffer. However, if they mature within 30 days, the term deposit could be considered as a liquidity inflow in accordance with Section 3, Chapter III;

42.2.1.4. securities issued by the NBM;

42.2.2. asset items constitute claims on or secured claims by the ECB;

42.2.3. assets representing claims on or secured claims by central banks of other countries, subject to exposures to their central bank or central government receive a credit assessment by a nominated external credit assessment institution (ECAI), which the NBM has associated with at least credit quality level 1, in accordance with item 30 of Regulation No 111/2018;

42.2.4. reserves held by the bank with a central bank referred to in subparagraph 42.2.2.2 or 42.2.3, to the extent that the bank has the right to withdraw these reserves at any time during periods of stress and the conditions for such withdrawal have been specified in an agreement between the competent authority responsible for the supervision of banks in that State and the central bank with which the reserves are held or in the applicable rules of that State.

For the purposes of subparagraph 42.2.4, the following shall apply:

42.2.4.1. if the reserves are held by a subsidiary of a bank, the conditions for withdrawal must be specified in an agreement between the competent authority responsible for the supervision of banks in the State of the bank's subsidiary and the central bank at which the reserves are held or in the applicable rules of that State, as the case may be;

42.2.4.2. where the reserves are held by a branch, the conditions for withdrawal must be specified in an agreement between the competent authority responsible for the supervision of banks in the State in which the branch is located and the central bank that holds the reserves or in the applicable rules of that State, as the case may be;

42.3. assets representing claims on or secured claims by the following central or regional governments, local authorities or public sector entities:

42.3.1. central public administration of the Republic of Moldova;

42.3.2. the central government of another State, provided that it receives a credit assessment by a designated ECAI, which the NBM has associated with at least credit quality level 1 in accordance with paragraph 30 of Regulation No 111/2018;

42.3.3. public sector entities, provided that they are treated as exposures to the central government of the Republic of Moldova in accordance with paragraph 42 of Regulation 111/2018;

42.4. following assets:

42.4.1. assets constituting claims on or secured claims by the central government or central bank of another State which have not been assigned credit quality level 1 by a designated ECAI in accordance with paragraph 30 of Regulation No 111/2018;

42.4.2. reserves held by the bank with a central bank referred to in paragraph 42.4.1, to the extent that the bank is authorized to withdraw these reserves at any time during periods of stress and the conditions for such withdrawal have been specified either in an agreement between the competent authorities responsible for the supervision of the banks in that State and the central bank with which the reserves are held or in the applicable rules of that State.

For the purposes of sub-paragraph 42.4.2, the following shall apply:

42.4.2.1. where the reserves are held by a subsidiary of a bank, the conditions for withdrawal must be specified in an agreement between the competent authority responsible for the supervision of banks in the State in which the bank's subsidiary is established and the central bank at which the reserves are held or in the applicable rules of that State;

42.4.2.2. if the reserves are held by a branch, the conditions for withdrawal must be specified in an agreement between the competent authority responsible for the supervision of banks in the State in where the branch is located and the central bank at where the reserves are held or in the applicable rules of that State.

The aggregate amount of assets falling under subparagraphs 42.4.1 and 42.4.2 that are denominated in a given currency, which the bank may recognize as level 1 assets, should not exceed the amount of the bank's net outflows of crisis liquidity recorded in the same currency.

In addition, if some or all of the assets falling within the scope of subparagraphs 42.4.1 and 42.4.2 are held in a currency that is not the domestic currency of the State concerned, the bank may recognize those assets as level 1 assets only up to an amount equal to the amount of the bank's net outflows of stressed liquidity recorded in that foreign currency that represents the bank's business in the jurisdiction in which it assumes liquidity risk;

42.5. assets constituting claims on or secured claims by multilateral development banks and international organizations mentioned in paragraphs 46 and 47 of Regulation No 111/2018 respectively.

43. Beside specified items in subparagraphs 49.1 and 49.2 in relation to shares and units held in CIUs, no haircuts are applied to the value of the remaining level one assets.

Subsection 2

Level 2A assets

44. Level 2A assets comprise only assets which fall into one or more of the following categories and which meet, in each case, the eligibility criteria set out below:

44.1. assets constituting claims on or secured claims by regional governments, local authorities or public sector entities of the Republic of Moldova, if exposures to them are assigned a risk weight of 20% in accordance with paragraphs 34, 35, 37 and 38, 40, and 41 of Regulation 111/2018, as applicable;

44.2. assets representing claims on or secured claims by the central government or central bank of another State or by a regional government, local authority or public sector entity of another State, provided that they are assigned a 20% risk weight in accordance with paragraph 30, Section 2 or Section 3 of Chapter IV of Regulation 111/2018, as applicable;

44.3. debt securities issued by companies which cumulatively meet the following requirements:

44.3.1. receive, from a designated ECAI, a credit assessment which the NBM has associated with at least credit quality level 1 in accordance with Section 9 of Chapter IV of Regulation No 111/2018, or the equivalent credit quality level in the case of a short-term credit evaluation;

44.3.2. the amount of the securities issue shall be at least the equivalent in Moldovan Lei of EUR 250 million calculated at the official NBM exchange rate;

44.3.3. the maximum maturity of the securities on the issue date is 10 years.

45. The market value of each Level 2A asset is subject to a haircut of at least 15%.

Subsection 3

Level 2B assets

46. Level 2B assets comprise only those assets which fall into one or more of the following categories and which meet, in each case, the eligibility criteria set out below:

46.1. debt securities issued by companies, which fulfill all the following requirements:

46.1.1. have received a credit assessment from a designated ECAI, which the NBM has associated with at least credit quality level 2 in accordance with Section 9 of Chapter IV of Regulation No 111/2018, or the equivalent credit quality level in the case of a short-term credit assessment;

46.1.2. the amount of the securities issue shall be at least the equivalent in Moldovan Lei of EUR 250 million calculated at the official NBM exchange rate;

46.1.3. the maximum maturity of the securities at the date of issue is 10 years;

46.2. shares, provided that they comply with all of the following requirements:

46.2.1. be part of a main stock index:

46.2.1.1. in the Republic of Moldova, banks consider the main stock index to be the index composed of shares of companies permanently listed on the regulated market or

46.2.1.2. in another State, as identified for the purposes of the main stock index by the relevant public authority of that State;

46.2.2. are denominated in Moldovan Lei or, if denominated in a different currency, are considered to be Level 2B only up to the amount necessary to cover the net outflow of liquidity under stressed conditions in the currency or jurisdiction where the liquidity risk is incurred; and

46.2.3. they have a proven record as a reliable source of liquidity at all times, including during stress periods. This requirement shall be deemed met where the level of decline in the share's stock price or increase in its haircut during a 30 day calendar day market stress period did not exceed 40 % or 40 percentage paragraphs, respectively; and

46.2.4. the issuer has received a credit assessment from a nominated ECAI, which the NBM has associated with at least credit quality level 2 in accordance with Section 9 of Chapter IV of Regulation No 111/2018.

47. The market value of each Level 2B asset is subject to the following minimum haircuts:

47.1. a haircut of 50% for debt securities issued by the companies referred to in subparagraph 46.1;

47.2. a 50% haircut for the shares referred to in subparagraph 46.2.

Subsection 4

Collective placement organizations

48. The shares or units held in CIUs shall qualify as liquid assets of the same level as the underlying liquid assets of the enterprise in question, up to an absolute value of the equivalent in MDL of EUR 500 million calculated at the official NBM exchange rate, for each bank individually,

provided that: The CIU invests only in liquid assets and in derivatives, in the latter case only to the extent necessary to mitigate interest rate risk, currency risk or credit risk in the portfolio.

49. Banks shall apply the following minimum haircuts to the value of the shares or units they hold in CIUs, depending on the underlying liquid asset type:

49.1. 0% for coins and banknotes and for exposures to central banks referred to in subparagraph 42.2;

49.2. 5% for other Level 1 assets other than those mentioned in sub subparagraph 49.1;

49.3. 20% for Level 2A assets;

49.4. 55% for level 2B debt securities issued by companies referred to in subparagraph 46.1, for the shares referred to in subparagraph 46.2.

50. The approach referred to in paragraph 49 shall apply as follows:

50.1. where the bank is aware of the underlying exposures of the CIU, the bank may analyze those underlying exposures in order to assign the appropriate haircut in accordance with paragraph 49;

50.2. where the bank is not aware of the underlying exposures of the CIU, it must assume, for the purposes of determining the level of liquidity of the underlying assets and of assigning the haircut corresponding to the assets in question, that the CIU invests in liquid assets up to the maximum amount permitted under its mandate in the same ascending order in which the liquid assets are ranked for the purposes of paragraph 49, starting with the assets referred to in subparagraph 49.4, until the maximum total investment limit is reached.

51. Banks shall develop sound methodologies and procedures for calculating and reporting the market value and haircuts for shares or units held in CIUs. Where the exposure is not significant enough for a bank to develop its own methodologies, the NBM may grant a waiver from the development of methodologies and procedures for the calculation and reporting of the market value and haircuts for shares or units held in CIUs. When the NBM grants such waiver, for the calculation and reporting of haircuts for shares or units held in CIUs, the bank may rely solely on the depositary of the CIU, provided that the CIU invests exclusively in securities and holds all such securities with that depositary.

The accuracy of the calculations made by the management company of the CIU when determining the market value and the haircuts attached to the shares or units held in the CIU must be confirmed by the audit of the financial statements at least once a year.

52. If a bank fails to comply with the requirements set out in paragraph 51 in relation to shares or units held in a CIU, it shall cease to recognize them as liquid assets for the purposes of this Regulation in accordance with Subsection 5.

Subsection 5

Failure to meet the requirements

53. If a liquid asset ceases to meet any of the applicable general requirements set out in paragraph 32 or any of the applicable operational requirements set out in paragraph 34 or any of the applicable eligibility criteria set out in this Chapter, the bank shall cease to recognize that asset as a liquid asset no later than 30 days after the date on which the failure to meet the requirements occurred.

54. Paragraph 53 applies to shares or units held in a CIU which cease to meet the eligibility requirements only if they do not exceed 10% of the total assets of the CIU.

Subsection 6

Alternative approaches on liquidity

55. Where there are insufficient liquid assets in a particular currency for banks to meet the liquidity coverage ratio set out in Section 1, Chapter I, one or more of the following provisions shall apply:

55.1. the requirement on consistency between currencies, as laid down in paragraph 39, shall not apply in the case of that currency;

55.2. the bank may cover the shortfall of liquid assets in a particular currency with credit facilities from the NBM or from the central bank of another country having that currency, provided that the facility complies with all of the following requirements:

55.2.1. is irrevocably engaged by contract for the following 30 days;

55.2.2. a fee is charged for the given facility, which is payable regardless of the amount, if any, withdrawn from the facility;

55.2.3. the amount of this fee shall be set so that the net income of the assets used to secure the facility shall not exceed the net income of a representative portfolio of liquid assets, after adjusting for any material differences in credit risk;

55.3. where there is a shortfall of Level 1 assets but there are sufficient Level 2A assets, the bank may hold additional Level 2A assets in the liquidity buffer and the limits for each Level of assets set out in Subsection 2, Section 1 shall be deemed to be modified accordingly. These additional Level 2A assets are subject to a minimum haircut of 20%. Any Level 2B assets held by the bank remain subject to the haircuts set in each case in accordance with this Chapter.

56. Banks shall apply the derogations set out in paragraph 55 in a disproportionate manner regarding the availability of relevant liquid assets. Banks shall assess their liquidity needs for the application of this Subsection considering their ability to reduce, through consistent liquidity management, the need for such liquid assets and the holdings of such liquid assets of other market participants.

CHAPTER III LIQUIDITY OUTFLOWS AND INFLOWS

Section 1

Net liquidity outflows

Subsection 1

Definition of net liquidity outflows

57. The net liquidity outflows shall be equal to the sum of the liquidity outflows referred to in subparagraph 57.1 minus the sum of the liquidity inflows mentioned in subparagraph 57.2, but not less than zero; they shall be calculated as follows:

57.1. the sum of liquidity outflows as defined in Section 2;

57.2. the sum of liquidity inflows as defined in Section 3, calculated as follows:

57.2.1. inflows exempted from the cap as set out in paragraphs 125 and 126;

57.2.2. the lesser of the value, but not less than zero, of the inflows referred to in paragraph 127 and 90% of the outputs referred to in subparagraph 57.2.1 minus the exempted inputs mentioned in paragraphs 125 and 126;

57.2.3. The lesser of the value, but not less than zero, of the inflows other than those referred to in paragraphs 125, 126 and 127 and 75% of the outflows mentioned in subparagraph 57.2.1 minus the exempted inflows referred to in paragraphs 125 and 126 and the exempted outflows mentioned in paragraph 127 divided by 0.9 to take account of the application of the 90% cap.

58. Liquidity outflows and inflows shall be assessed over a 30-day stress period, assuming a combined stress scenario, related to the bank's specificity - idiosyncratic - and related to the market in general, as indicated in item 26.

59. The calculations provided for in paragraph 57 shall be made in accordance with the formula set out in Annex 2.

Subsection 2

Clearing of derivative transactions

60. Banks shall calculate the expected liquidity outflows and inflows over a 30-day period related to the contracts listed in Annex No 1 in Regulation No 114/2018 and credit derivatives on a net basis for each counterparty, provided that bilateral netting arrangements meet the conditions set out in Section 1, Chapter VI of the Regulation on the treatment of counterparty credit risk for banks, approved by the Decision of the Executive Board of NBM No 102/2020.

61. By way of derogation from paragraph 60, banks shall calculate the liquidity outflows and inflows arising from foreign exchange derivative transactions involving a simultaneous and complete exchange of principal (or within the same day) on a net basis, even if those transactions are not subject to a bilateral netting agreement.

62. For the purposes of this Subsection, the net basis shall be deemed to be net of collateral to be provided or received within the next 30 days. However, in the case of collateral to be received within the following 30 days, the net basis shall be considered to be net of that collateral only if both of the following conditions are met:

62.1. the collateral qualifies as a liquid asset under Chapter II;

62.2. the bank has the legal and operational right to be able to reuse collateral when it is received.

Section 2

Liquidity outflows

Subsection 1

Definition of liquidity outflows

63. Liquidity outflows are calculated by multiplying the balances of the different categories or types of off-balance sheet liabilities by their expected maturity and withdrawal rates as set out in this Chapter.

64. The liquidity outflows referred to in paragraph 63 shall take into account the inflows determined as interdependent in accordance with Subsection 4 and shall comprise the following elements, in each case multiplied by the applicable outflow rate:

64.1. The current amount payable on stable retail deposits and other retail deposits determined in accordance with Subsections 2 and 3;

64.2. Current amounts payable in respect of other liabilities that become due and payable, the repayment of which may be demanded by the issuer or the funding provider or which involve an expectation by the funding provider that the bank will repay the debt within the next 30 days, determined in accordance with Subsections 5, 6 and 11;

64.3. Additional outflows established in accordance with Subsection 9;

64.4. The maximum amount that may be drawn down over the next 30 days from undrawn committed credit and liquidity facilities determined in accordance with Subsection 10;

64.5. Additional outflows identified in the assessment carried out under Subsection 8.

65. The calculation of liquidity outflows in accordance with paragraph 63 shall be subject to any netting of interdependent inflows that is pre-approved by the NBM. Interdependent inflows shall be pre-approved by the NBM under Subsection 4.

Subsection 2

Outflows from stable retail deposits

66. Unless the criteria for a higher outflow rate in accordance with paragraphs 70, 71 or 75 are met, the amount of retail deposits covered by the deposit guarantee scheme in accordance with Law No 160/2023 on the security of deposits with banks or by a deposit guarantee scheme of another State equivalent to the EU is considered stable and multiplied by 5% if the deposit is either:

66.1. is part of a established commercial relationship, making withdrawal highly unlikely; or

66.2. is held in a bank current account.

67. For the purposes of subparagraph 66.1, a retail deposit shall be considered to be part of an established relationship if the depositor meets at least one of the following criteria:

67.1. has an active contractual relationship with the bank for at least 12 months;

67.2. has a lending relationship with the bank for residential or other long-term credits;

67.3. has at least one other active product in the bank that is not a credit.

68. For the purpose of subparagraph 66.2, a retail deposit is considered to be held on a current account if wages, income or transactions are regularly credited to and debited from this account respectively.

Subsection 3

Outflows from other retail deposits

69. Banks shall multiply other retail deposits by 10%, including the part of retail deposits not covered by Subsection 2, unless the conditions set out in paragraph 70 apply.

70. Other retail deposits shall be subject to higher outflow rates, as determined by the bank in accordance with paragraph 71, if the following conditions are met:

70.1. the total balance of deposits, including all deposit accounts of the customer with the respective bank or group exceeds MDL 2.5 million;

70.2. the deposit is an online-only account;

70.3. the deposit offers an interest rate that meets any of the following conditions:

70.3.1. the rate significantly exceeds the average rate for similar retail products;

70.3.2. the interest rate is dependent on the performance of a market index or a set of market indices;

70.3.3. the interest rate depends on any market variable other than a floating interest rate;

70.4. the deposit was originally a term deposit with an expiry date maturing within 30 days or the deposit has a fixed notice period shorter than 30 days in accordance with the contractual provisions, other than deposits qualifying for the treatment set out in paragraph 74;

70.5. speaking about banks in the Republic of Moldova, the depositor is resident in another State or the deposit is denominated in a currency other than Moldovan lei. In the case of subsidiaries or branches of banks of the Republic of Moldova in other States, the depositor is a non-resident in that State or the deposit is denominated in a currency other than the domestic currency of that State.

71. Banks apply a higher outflow rate, set as follows:

71.1. if the retail deposits meet the criterion in subparagraph 70.1 or two of the criteria in subparagraphs 70.2-70.5, the exit rate applied is 10%;

71.2. if the retail deposits meet the criterion of subparagraph 70.1 and at least another criterion of paragraph 70, or three or more criteria of paragraph 70, the outflow rate applied is of 15%.

72. Pursuant to Article 139 paragraph (3) letter m) of the Law No 202/2017, the NBM requests the bank to apply a higher outflow rate taking into account the specificity of the bank's activity.

73. Banks shall apply to retail deposits the outflow rate referred to in subparagraph 71.2 when the assessment provided in paragraph 70 has not been performed or is not completed.

74. Banks may exclude from the outflow calculation certain clearly defined categories of retail deposits as long as in each and every case the bank strictly applies the following provisions to the entire category of deposits, unless an exception can be justified by the circumstances of hardship for the depositor:

74.1. for 30 days, the depositor cannot withdraw the deposit; or

74.2. for early withdrawals within the 30-day period, the depositor has to pay a penalty which includes the loss of interest between the date of withdrawal and the contractual maturity date, plus a significant penalty which must not necessarily exceed the interest due for the time elapsed between the date of deposit and the date of withdrawal.

Where a portion of the mentioned deposit in the first paragraph can be withdrawn without such a penalty, only that portion shall be treated as a demand deposit and the remaining balance shall be treated as a term deposit as referred to in this paragraph. An outflow rate of 100% shall apply to cancelled deposits with a residual maturity of less than 30 days and where payment to another bank has been agreed.

75. By way of derogation from paragraphs 69 to 74 and Subsection 2, banks shall multiply retail deposits attracted in other States by a higher outflow rate, if this rate is provided for by the national law establishing liquidity requirements in that State.

Subsection 4

Outflows with interdependent inflows

76. With the prior approval of the NBM, banks may calculate a net liquidity outflow by deducting from it an interdependent inflow which meets all of the following conditions:

76.1. the interdependent inflow is directly linked to the outflow and is not considered in the calculation of the liquidity inflows in Section 3;

76.2. interdependent inflow is required under a legal, contractual or regulatory commitment;

76.3. the interdependent inflow meets one of the following conditions:

76.3.1. must take place before the outflow;

76.3.2. is received within 10 days and is secured by the central public administration of the Republic of Moldova.

Subsection 5

Outflows related to operational deposits

77. Banks are multiplying by 25% the debt on deposits that are kept:

77.1. by the depositor to obtain clearing, custody, cash management or other comparable services from the bank in the context of a established operational relationship;

77.2. by the depositor in the context of an established operational relationship other than that referred to in subparagraph 77.1.

78. By way of derogation from paragraph 77, banks multiply by 5% the share of the liabilities resulting from the deposits mentioned in Subsection 77.1 which is covered by the deposit guarantee scheme in accordance with Law No 160/2023 regarding the guarantee of deposits in banks or a deposit guarantee scheme from another EU-equivalent State.

79. Clearing, custody, cash management or other comparable services referred to in Subsection 77.1 cover only those services to the extent that they are provided in the context of an established relationship, which is critically important to the depositor. The deposits mentioned in subparagraphs 77.1 and 77.2 have significant legal or operational limitations that make it improbable to carry out significant withdrawals within a period of 30 days. Funds in excess of those required for the provision of operational services shall be treated as non-operational deposits.

80. Deposits resulting from a correspondent banking relationship or the provision of prime brokerage services shall not be treated as operational deposits and shall receive a 100% outflow rate.

81. In order to identify the deposits referred to in Subsection 77.2, a bank considers that there is an established operational relationship with a non-financial customer, with the exception of term deposits, savings deposits and deposits made by brokers, if all the following criteria are met:

81.1. account remuneration is fixed at least 5 basis paragraphs below the prevailing rate for wholesale deposits with comparable characteristics, but need not be negative;

81.2. the deposit is held in specifically designated accounts and charged without creating economic incentives for the depositor to maintain funds in the deposit in excess of what is necessary for the operational relationship;

81.3. significant transactions are frequently credited and debited to, respectively from, the account in question;

81.4. one of the following criteria is met:

81.4.1. the relationship with the depositor exists for at least 24 months;

81.4.2. the deposit is used for at least two active services. These services may include direct or indirect access to national or international payment services, securities transactions or depository services.

Only that part of the deposit that is necessary to make use of the service whose by-product is the deposit treated as an operational deposit. The excess is considered to be non-operational.

Subsection 6

Outflows related to other liabilities

82. Banks multiply by 40% the liabilities arising from deposits placed with non-financial customers, central governments, central banks, multilateral development banks, public sector entities, personal investment companies or other customers that are deposit brokers, to the extent that they are not covered by Subsection 5.

83. By way of derogation from item 82, if the liabilities referred to in that item are covered by the deposit guarantee scheme in accordance with Law No 160/2023 on the guarantee of deposits with banks or by a deposit guarantee scheme of another State equivalent to the EU, the outflow rate applied to them shall be 20%.

84. Banks apply a 0% outflow rate to debts arising from the bank's own operating expenses.

85. Banks shall apply to liabilities maturing within 30 days and resulting from secured lending and capital market-driven transactions as defined in paragraph 3 of the Regulation on credit risk mitigation techniques used by banks, approved by the DEB of the NBM No 112/2018 (hereinafter Regulation No 112/2018), a weighting of:

85.1. 0 % where they are secured by assets which, if not used as collateral for the transactions concerned, would qualify, in accordance with Subsection 3, Section 1 and Subsection 1, Section 2, Chapter II, as liquid assets of any of the categories of Level 1 assets referred to in Subsection 1, Section 2, Chapter II;

85.2. 15 % that are secured by assets which, if not used as collateral for the transactions in question, would qualify, in accordance with Subsection 3, Section 1 and Subsection 2, Section 2, Chapter II, as liquid assets of any of the asset Level 2A referred to in Subsection 2, Section 2, Chapter II;

85.3. 50 % if they are secured by assets which, if not used as collateral for the transactions in question, would qualify in accordance with Subsection 3, Section 1 and Subsection 3, Section 1, Chapter II, as liquid assets of any of the asset categories of Level 2B referred to in subparagraphs 46.1 or 46.2.

85.4. the percentage minimum haircut determined in accordance with paragraphs 49 and 50 where they are secured by shares or units held in CIUs which, if not used as collateral for the transactions in question, would qualify, in accordance with Subsection 3, Section 1 and Subsection 4, Section 2, Chapter II, as liquid assets of the same level as the underlying liquid assets;

85.5. 100 % if secured by assets not covered by subparagraphs 85.1-85.4.

86. By way of derogation from paragraph 85, if the counterparty to the secured lending transaction or the capital market-driven transaction is the central bank, the outflow rate shall be 0%. However, if the transaction is conducted through a branch with the central bank of another State in which the branch is established, an outflow rate of 0 % is applied only if the branch has the same access to central bank liquidity, including in times of stress, as banks settled in the foreign State.

87. By way of derogation from paragraph 85, for secured lending transactions and capital market-driven transactions that would require an outflow rate under paragraph 85 in excess of 50 %, the outflow rate shall be 50 % if the counterparty to the transaction is an eligible counterparty.

88. Collateral swaps and other similar transactions maturing within the next 30 days give rise to a liquidity outflow if a lower haircut is applied to the asset borrowed under Section 2 of Chapter III than the asset lent. The outflow shall be calculated by multiplying the market value of the asset borrowed by the difference between the outflow rate applicable to the asset lent and the outflow rate applicable to the asset borrowed, determined in accordance with the rates specified in paragraphs 85 to 87. For the purpose of this calculation, a 100 % haircut shall be applied to the assets which do not qualify as liquid assets.

89. By way of derogation from paragraph 88, if the counterparty to the collateral swap or other similar transaction is the national central bank, the outflow rate to be applied to the market value of the asset borrowed shall be 0 %. However, if the transaction is done through a branch with the central bank of another State in which the branch is located, an outflow rate of 0 % shall be applied only if the branch has the same access to central bank liquidity, including in times of stress, as banks established in that State.

90. By way of derogation from paragraph 88, for collateral swap or similar transactions for which an outflow rate higher than 50 % would apply under paragraph 88, the outflow rate to be applied to the market value of the asset borrowed shall be 50 % if the counterparty is an eligible counterparty.

91. The offsetting balances held in segregated accounts related to client protection regimes imposed by the regulations of foreign States shall be treated as inflows in accordance with Subsection 1, Section 3 and shall be excluded from the stock of liquid assets.

92. Banks apply an outflow rate of 100% to all bonds and other debt securities issued by the bank, unless the bond is sold exclusively in the retail market and held in a retail account, when the same treatment may be applied to these instruments as to the corresponding category of retail deposits. The limitations shall be placed such that these instruments cannot be purchased and held by parties other than retail customers.

93. Banks apply an outflow rate of 100% to the daily reserve requirement shortfall.

94. Unsecured assets borrowed maturing within the next 30 days are considered to be fully retired, resulting in a liquid asset outflow of 100 %, unless the bank owns the assets borrowed and the assets borrowed do not form part of its liquidity buffer.

95. For the purposes of this subsection, “central/national bank” means any of the following:

95.1. National Bank of Moldova;

95.2. the central bank of another country in which the bank is registered.

96. For the purposes of this Subsection, “eligible counterparty” means any of the following:

96.1. central government, public sector entity, regional government or local authority of the Republic of Moldova;

96.2. the central government, a public sector entity, a regional government or a local authority of another State in which the bank is registered, for transactions carried out by that bank;

96.3. a multilateral development bank.

However, public sector entities, regional governments and local authorities shall be considered as eligible counterparties only if they are assigned a risk weight of 20% or less in accordance with Chapter IV of Regulation 111/2018, as applicable.

Subsection 7

Liquidity outflow within a group

97. By way of derogation from Subsection 10, the NBM may authorize the application of a lower outflow rate for liquidity facilities or undrawn credit if the following conditions are cumulatively met:

97.1. there is reason to expect a lower outflow even under a combined idiosyncratic and market-wide stress scenario of the provider;

97.2. the counterparty is the parent bank or a subsidiary of the bank or another subsidiary of the same parent bank or is related to the bank by a relationship in the sense of the obligation to prepare consolidated accounts and a consolidated annual report in accordance with the provisions of the Law on Accounting and Financial Reporting No 287/2017;

97.3. the lowest outflow rate is not below the counterparty’s inflow rate;

97.4. the bank and the counterparty are established in the Republic of Moldova.

Subsection 8

Additional liquidity outflows for other products and services

98. Banks shall regularly assess the likelihood and potential volume of cash outflows within a 30-day period for products or services other than those referred to in Subsections 5, 6, 7, 9, 10 and 11 that they offer or sponsor or that potential purchasers would consider to be related to them. Those products or services include, but are not limited to:

98.1. other off-balance-sheet and contingent obligations, including uncommitted financing facilities;

98.2. undrawn credits and loans to wholesale counterparties;

98.3. mortgages that have been agreed but not yet drawn down;

98.4. credit cards;

98.5. overdrafts;

98.6. planned liquidity outflows generated by the update of existing retail or wholesale loans or the extension of these;

98.7. amounts payable in relation to derivative instruments other than contracts listed in Annex No 1 of Regulation No 114/2018 and credit derivatives;

98.8. off-balance-sheet products related to trade financing.

99. The outflows referred to in paragraph 98 shall be assessed under the assumption of a combined banking-type, idiosyncratic and general market-wide stress scenario as referred to in Section 2, Chapter I. In that assessment, banks shall take particular account of the significant reputational damage that could result from not providing liquidity support to such products or services. Banks shall report not less than annually to the National Bank of Moldova, at the request of NBM, information on those products and services for which the probability and potential volume of liquidity outflows referred to in paragraph 98 are significant and the NBM shall determine the outflows to be assigned. The NBM may set an outflow rate of up to 5% for off-balance-sheet items related to trade finance, as stipulated in the leverage regulations and Annex No.1 of Regulation No.111/2018, based on the information submitted by banks upon the NBM request. In the request, the NBM will submit requirements on the manner, form, period, content of information and the deadline for submission.

Subsection 9 **Additional outflows**

100. Collateral, other than cash and assets referred to in Subsection 1, Section 2, Chapter II, which is provided by the bank for the contracts listed in Annex 1 of Regulation 114/2018 and for credit derivatives, shall be subject to additional outflows of 20%.

101. The bank shall calculate and notify to the NBM an additional outflow for all concluded contracts whose contractual terms result, within 30 days and following a significant deterioration in the bank's credit quality, in additional liquidity outflows or additional collateral needs. The bank shall notify the NBM of such outflow no later than the reporting date in accordance with Chapter VI, Title I. If the NBM considers that the outflow is substantial in relation to the bank's possible liquidity outflows, the NBM shall require the bank to add, for the contracts in question, an additional outflow related to the need for additional collateral or additional cash outflows that would result from a significant damage in the bank's credit quality, corresponding to a decrease of at least three levels in its external credit assessment. The Bank shall apply an exit rate of 100 % to such collateral or additional cash outflows. The Bank shall regularly review the extent of such significant deterioration, taking into account the relevant elements under the contracts it has entered into, and shall notify the NBM of the results of its review.

102. The Bank shall add an additional outflow corresponding to the collateral needs that would result from the impact of a negative market scenario on the Bank's derivative transactions, if relevant.

A bank's derivative transactions shall be considered significant if the total notional amounts of such transactions have exceeded 10% of its net liquidity outflows as defined in Chapter II, Title I, at any time during the previous two years.

For the purposes of this paragraph net liquidity outflows (as defined in Chapter II, Title I) do not include the additional outflows in the following paragraph.

The additional outflow shall be the largest net absolute outflow in a 30-day period related to collateral realized during the 24 months preceding the calculation date of the liquidity coverage requirement referred to in Chapter III, Title I. Banks may take of account inflows and outflows of derivative transactions on a net basis only if they are carried out under the same netting agreement. The net absolute flow corresponding to collateral shall be based on both outflows and inflows and it's calculated at the level of the bank's portfolio.

103. Expected outflows and inflows during a 30-day period related to the contracts listed in Annex 1 of Regulation 114/2018 and credit derivatives shall be considered on a net basis in accordance with Subsection 2, Section 1, Chapter III. In the case of a net outflow, the bank multiplies the result by an outflow rate of 100 %. Banks shall exclude from these calculations the liquidity requirements resulting from the application of paragraphs 100, 101 and 102.

104. Where the bank has a short position covered by uncollateralized securities borrowed, the bank shall add an additional outflow corresponding to 100 % of the market value of the securities or other assets sold short, unless the terms on which the bank lent them provide for their return only after 30 days. Where the short position is covered by a collateralized securities financing transaction, the bank shall assume that the short position will be maintained throughout the 30-day period and an outflow rate of 0% shall be applied to the short position.

105. The bank adds an additional 100% corresponding outflow:

105.1. excess collateral held by the bank, which may be contractually required by the counterparty at any time;

105.2. collateral to be provided to a counterparty within 30 days;

105.3. collateral corresponding to assets which would qualify as liquid assets within the meaning of Chapter II, which may be replaced, without the consent of the bank, for assets corresponding to assets which would not constitute liquid assets within the meaning of Chapter II.

106. Deposits received as collateral shall not be considered as debt within the meaning of Subsections 2, 3, 5, 6 or 11, but shall be subject to the provisions of paragraphs 100 to 105, as appropriate. The amount of cash flows received in excess of the amount of cash flows received as collateral shall be treated as a deposit in accordance with Subsections 2, 3, 5, 6 or 11.

107. Considering the provision of prime brokerage services, where a bank has covered a customer's short sales by internally matching them with another customer's assets and the assets do not qualify as liquid assets, those transactions are subject to a 50 % outflow rate corresponding to the contingent obligation.

Subsection 10

Outflows related to credit and liquidity facilities

108. For the purposes of this Subsection, liquidity facility means any committed, undrawn stand-by facility that would be used to refinance a customer's debt in situations where that customer is unable to refinance that debt in the financial markets. Its amount is calculated as the amount of debt issued by the customer that is outstanding and maturing within a 30-day period and is covered by the facility. The portion of the liquidity facility covering a debt that does not mature within a 30-day period is excluded from the scope of the definition of the facility. Any additional facility capacity shall be treated as a committed credit facility with the associated drawdown rate as set out in this Subsection. General working capital facilities for corporate entities (corporations) will not be classified as liquidity facilities but as credit facilities.

109. Banks shall calculate the outflows for credit and liquidity facilities by multiplying the value of the credit and liquidity facilities by the corresponding outflow rates set out in paragraphs 110 to 112. Outflows under committed credit and liquidity facilities shall be calculated as a percentage of the maximum amount that may be drawn down within 30 days, without including the liquidity requirements that would be applicable under Subsection 8 for off-balance-sheet items related to trade finance and without including any collateral provided to the bank and valued in accordance with paragraph 41, provided that the collateral meets all of the following conditions:

109.1. can be reused or mortgaged by the bank;

109.2. held as liquid assets but not counted as part of the liquidity buffer; and

109.3. shall not consist of assets issued by the facility counterparty or by one of its related entities.

The maximum amount that can be drawn for credit and liquidity facilities is set as the maximum amount that could be drawn having regard to the counterparty's own obligations or having regard to the predefined timing of contractual drawings, which become due within a 30-day period. All the above is confirmed by relevant information.

110. The maximum amount that may be drawn within the next 30 days from undrawn committed credit facilities and undrawn committed liquidity facilities shall be multiplied by 5% if the facilities fall into the retail exposure class.

111. The maximum amount that may be drawn down within 30 days from undrawn committed credit facilities shall be multiplied by 10% if the facilities concerned meet the following conditions:

111.1. does not fall into the retail exposure class;

111.2. were provided to non-financial customers, including non-financial institutions, central governments, central banks, multilateral development banks and public sector entities;

111.3. have not been provided for the replacement of customer financing in situations where the customer is unable to meet its financing needs in the financial markets.

112. The maximum amount that may be withdrawn over the following 30 days from undrawn committed liquidity facilities shall be multiplied by 30% if the facilities concerned meet the conditions set out in subparagraphs 111.1 and 111.2 and by 40% if they are provided to institutions for personal investment.

113. The Bank shall multiply the maximum amount that may be drawn down from other undrawn committed credit facilities and from other undrawn committed liquidity facilities within a 30-day period by the corresponding outflow rate as follows.

113.1. 40% for credit and liquidity facilities assigned to banks and for credit facilities assigned to other regulated financial companies, including insurance undertakings and investment firms, CIUs or closed-end investment funds;

113.2. 100% for credit and liquidity facilities granted to financial customers, which are not mentioned in subparagraphs 113.1 and 108-112.

Subsection 11

Outflows related to liabilities and commitments not covered by other provisions of this section

114. Banks shall apply an outflow rate of 100 % to any debt maturing within 30 days, with the exception of debts referred to in Subsection 2-10.

115. If the total of all contractual commitments to extend funding to non-financial customers within 30 days, other than the commitments set out in Subsections 2 to 10, exceeds the amount of inflows from these non-financial customers calculated in accordance with subparagraph 118.1, the excess amount shall be subject to an outflow rate of 100 %. For the purpose of this paragraph, the concept of non-financial customers includes, inter alia, natural persons, SMEs, corporations, central governments, multilateral development banks and public sector entities and excludes financial customers and central banks.

Section 3

Liquidity inflows

Subsection 1

Inflows

116. Liquidity inflows are valued over a 30-day period. They include only contractual inflows from exposures that are not past due and for which the bank has no reason to expect that the contractual terms will not be met, including failure to make scheduled payments within 30 days.

117. Banks shall apply an inflow rate of 100 % to the inflows referred to in paragraph 116, in particular to the following inflows:

117.1. amounts to be received from central banks and financial customers with a residual maturity of up to 30 days;

117.2. amounts to be received from trade financing operations with a residual maturity of 30 days or less;

117.3. amounts receivable on securities maturing within 30 days;

117.4. monies due from positions in equity instruments linked to the main indices, when they do not duplicate liquid assets. Those monies shall include sums contractually due within the next 30 days, such as cash dividends from those main indices and cash sums to be received from those equity instruments that have been sold but not yet settled, if they are not recognized as liquid assets in accordance with Chapter II.

118. By derogation from paragraph 117, the inflows referred to in this paragraph shall be subject to the following requirements:

118.1. amounts to be received from non-financial customers with a residual maturity of up to 30 days, except amounts to be received from such customers from trade financing transactions or maturing securities, shall be reduced mainly by 50 % of the amount. For the purposes of this subparagraph, the term “non-financial customers” has the same meaning as in paragraph 115;

118.2. the amounts to be received from secured lending transactions and capital market-driven transactions as defined in paragraph 3 of Regulation No 112/2018 with a residual maturity of 30 days or less shall be multiplied by:

118.2.1. 0 % where they are secured by assets which, whether or not they are reused in another transaction, qualify, in accordance with Subsection 3, Section 1 and Subsection 1, Section 2, Chapter II, as liquid assets of any of the categories of Level 1 assets referred to in Subsection 1, Section 2, Chapter II;

118.2.2. 15 % if they are secured by assets which, whether or not they are reused in another transaction, qualify, in accordance with Subsection 3, Section 1 and Subsection 2, Section 2, Chapter II, as liquid assets of any of the categories of Level 2A assets referred to in Subsection 2, Section 2, Chapter II;

118.2.3. 50 % if they are secured by assets which, whether or not reused in another transaction, qualify in accordance with Subsection 3, Section 1 and Subsection 3, Section 2, Chapter II as liquid assets of any of the categories of Level 2B assets referred to in subparagraphs 46.1 or 46.2;

118.2.4. the minimum percentage haircut determined in accordance with paragraphs 49 and 50 where they are collateralized by assets which, whether or not they are reused in another transaction, qualify, in accordance with Subsection 3, Section 1 and Subsection 4, Section 2, Subsection 4, Chapter II, as shares or units held in CIUs of the same level as the underlying liquid assets;

118.2.5. 100 % if secured by assets not covered by subparagraphs 118.2.1 to 118.2.4.

However, no cash inflow shall be recognized if the collateral is used by the bank to cover a short position in accordance with the last sentence of paragraph 104;

118.3. amounts to be received on margin loans contractually due to mature within the next 30 days, secured by non-liquid assets, may benefit from a 50 % inflow rate. Such inflows can only be taken into account if the bank does not use the collateral it originally received for the loans to cover short positions;

118.4. the amounts to be received which the holding bank treats in accordance with Subsection 5, Section 2, Chapter III shall multiply by an appropriate symmetric entry rate. If the appropriate rate cannot be determined, an inflow rate of 5 % shall be applied;

118.5 Collateral swaps and other similar transactions that are maturing within the next 30 days give rise to an outflow if a lower haircut is applied to the asset lent under Chapter II than to the asset borrowed. The inflow shall be calculated by multiplying the market value of the asset lent by the difference between the applicable entry rate of the asset borrowed and the applicable entry rate of the asset lent. In accordance with the rates specified in sub-paragraph 118.2 or the purpose of this calculation, a haircut of 100 % shall be applied in the case of assets that do not qualify as liquid assets;

118.6. When collateral obtained through reverse repo transactions, securities borrowing transactions, collateral swap transactions or other similar transactions that are due within the next 30 days is used to cover short positions that may be extended beyond the 30-day period, the bank shall assume that those reverse repurchase transactions, securities borrowing transactions, collateral swap transactions or other similar transactions will be rolled over and will not generate any cash inflows reflecting its need to continue to cover the short position or to repurchase the relevant securities. Short positions include both situations where, in a balanced portfolio, the bank has sold a security short (short selling) directly as part of a trading or hedging strategy and situations where, in a balanced portfolio, the bank has borrowed a security for a certain period of time and has lent the security for a longer period;

118.7. undrawn credit or liquidity facilities, including committed and undrawn liquidity facilities from central banks, and other commitments received, other than those referred to in Subsection 3, shall not be counted as an inflow;

118.8. amounts to be received in securities issued by the bank shall be taken into account on a net basis with an inflow rate applied on the basis of the inflow rate applicable to underlying assets under this Subsection;

118.9. loans without a defined contractual maturity date shall be considered with an inflow rate of 20 %, if the provisions of the contract allow the bank to withdraw from the contract or to demand payment within 30 days.

119. Subparagraph 118.1 shall not apply to monies owed from secured lending transactions and capital market-driven transactions as defined in paragraph 3 of Regulation 112/2018 that are collateralized by liquid assets in accordance with Chapter II as referred to in subparagraph 118.2. Inflows from the release of balances held in segregated accounts in accordance with the regulatory requirements for the protection of customers' trading assets shall be taken into account in full, when such segregated balances are maintained in liquid assets as defined in Chapter II.

120. Expected outflows and inflows during a 30-day period relating to the contracts listed in Annex 1 to Regulation No 114/2018 and credit derivatives shall be calculated on a net basis in accordance with paragraph 60 and, in the case of a net cash inflow, shall be multiplied by an inflow rate of 100%.

121. Banks shall disregard any inflows arising from any of the liquid assets referred to in Chapter II, other than payments due on assets that are not reflected in the market value of the asset.

122. Banks don't take into account the inflows from any new liabilities assumed.

123. Banks shall consider inflows of liquidity to be received in other States where transfer restrictions exist or which are denominated in inconvertible currencies only to the extent that they correspond to outflows from another State, respectively in the currency concerned.

Subsection 2

Input cap

124. Banks shall limit the acknowledgement of cash inflows to 75% of the total cash outflows as defined in Section 2, unless a particular inflow is subject to an exemption as set out in paragraphs 125, 126 and 127.

125. With the prior approval of the NBM, the bank may fully or partially exempt the following cash inflows from the application of the cap referred to in paragraph 124:

125.1. the inflows where the provider is a parent bank or a subsidiary of the bank or another subsidiary of the same parent bank or is connected to the bank by the obligation to prepare consolidated accounts and a consolidated annual report in accordance with the provisions of the Law on accounting and financial reporting No 287/2017;

125.2. inflows from deposits held with other banks within a group of entities which qualify for the procedure set out in paragraphs 19-22 of Regulation No 111/2018;

125.3. the inflows referred to in paragraph 76, including inflows arising from mortgage-related loans or from a multilateral development bank or public sector body for which the bank has acted as an intermediary (pass through).

126. With the prior approval of the NBM, specialized banks may be exempted from the cap on inflows where their main activities are leasing and factoring, with the exception of the activities described in item 127, when the conditions stipulated in paragraph 128 are met.

127. With the prior approval of the NBM, specialized banks may be subject to a 90% inflow limit if the conditions set out in paragraph 128 are met and their main activities are as follows:

127.1. financing for the purchase of cars;

127.2. consumer credit agreements as referred in Law No 202 /2013 on consumer credit agreements.

128. The banks referred to in paragraph 126 exempted from the cap on inflows and the banks indicated in paragraph 127 may apply a cap of 90%, if they meet the following conditions:

128.1. business activities have a low liquidity risk profile, taking into account the following elements:

- 128.1.1.** the timing of inflows is synchronized with the timing of outflows;
- 128.1.2.** on an individual level, the bank is not that much financed by retail deposits;
- 128.2.** individually, the share of their main activities as referred to in paragraph 126 or 127 exceeds 80% of the total balance sheet;
- 128.3.** derogations from the cap on inflows are disclosed in the annual reports.
- 129.** The derogations mentioned in paragraphs 125, 126 and 127 shall apply at both the individual and the consolidated level, subject to the provisions of subparagraph 4.4.
- 130.** Banks shall calculate the amount of the net liquidity outflows in the framework of the application of the cap on inflows in accordance with the formula set out in Annex 2 to this Regulation.

Subsection 3

Liquidity inflows within a group

- 131.** By derogation from subparagraph 118.7, the NBM may authorize a higher inflow rate for undrawn credit and liquidity facilities when the following conditions are fully met:
- 131.1.** there is reason to expect a higher inflow even under a combined idiosyncratic and market-wide stress scenario of the supplier;
- 131.2.** the counterparty is the parent bank or a subsidiary of the bank or another subsidiary of the same parent bank or is related to the bank by a relationship under the obligation to prepare consolidated accounts and a consolidated annual report in accordance with the provisions of the Law on Accounting and Financial Reporting No 287/2017;
- 131.3.** if the inflow rate is higher than 40%, a corresponding symmetric outflow rate is applied by the counterparty by derogation from Subsection 10, Section 2;
- 131.4.** the bank and the counterparty are established in the Republic of Moldova.

TITLE III

NET STABLE FUNDING RATIO

Chapter I

NET STABLE FUNDING RATIO AND GENERAL RULES FOR THE CALCULATION OF THE NET STABLE FUNDING RATIO

Section 1

Net stable funding ratio

132. The stable funding requirement set out in Chapter IV, Title I is the ratio of the bank's available stable funding as referred to in Chapter II to the required stable funding as referred to in Chapter III, expressed in percents. Banks shall calculate their net stable funding ratio in accordance with the following formula:

$$\frac{\text{Available stable funding}}{\text{Required stable funding}} = \text{Net stable funding ratio (NSFR)(\%)}$$

133. Banks shall maintain a net stable funding ratio of at least 100 % calculated in the reporting currency for all transactions, regardless of their actual currency of denomination.

134. Whether a bank's net stable funding ratio has fallen below 100 % or is reasonably expected to fall below 100 %, the requirement set out in Chapter V of Title I shall apply. The bank shall restore its net stable funding ratio to the level referred to in paragraph 133. The NBM shall evaluate the reasons for the bank's non-compliance with the provisions of paragraph 133 before taking any supervisory action.

135. Banks shall calculate and monitor their net stable funding ratio in the reporting currency for all transactions, regardless of their actual currency of denomination, and separately for transactions in each of the currencies subject to separate reporting in accordance with paragraph 18.

136. Banks shall ensure that the distribution of their funding profile by currency of denomination is generally in line with the currency distribution of their assets. Where appropriate,

the NBM may require banks to restrict currency mismatches by setting limits on the percentage of the required stable funding in a particular currency that can be covered by available stable funding that is not denominated in that currency. This restriction may be applied only for a currency that is subject to separate reporting according to paragraph 18.

137. When establishing the level of any currency mismatch restrictions that may be applied in accordance with this Section, the NBM shall consider at least the following elements:

137.1. whether the bank has the capacity:

137.1.1. transfer available stable funding from one currency to another and between jurisdictions and legal entities within the group;

137.1.2. to carry out currency swaps and attract funds from foreign exchange markets within the one-year time horizon of the net stable funding ratio;

137.2. the impact of sudden and severe exchange rate movements on existing unmatched positions and on the effectiveness of any existing foreign exchange hedges.

138. Any restriction on currency mismatch imposed in accordance with paragraph 137 shall constitute a particular liquidity requirement set as a result of the assessments and analyses carried out in accordance with the provisions of Article 139 paragraph (6) of Law No 202/2017 on the activity of banks.

Section 2

Calculation of the net stable funding ratio

139. Except as otherwise provided for in this Title, banks shall consider assets, liabilities and off-balance-sheet items on a gross basis.

140. For the aim of calculating the net stable funding ratio, banks shall apply the corresponding stable funding factors set out in Chapters II and III to the carrying amount of their assets, liabilities and off-balance-sheet items, unless otherwise provided for in this Title.

141. Banks do not double count required stable funding and stable funding available.

142. Except where otherwise provided for in this Title, where an item can be classified in more than one category of required stable funding, it shall be classified in the category of required stable funding that produces the highest contractual required stable funding for the item in question.

Section 3

Derivative contracts

143. Banks shall apply this Section to calculate the amount of required stable funding for derivative contracts as set out in Chapters II and III.

144. Without prejudice to the provisions of paragraphs 203 and 204, banks shall take into account the fair value of derivative positions on a net basis where such positions are included in the same netting set that meets the requirements set out in paragraph 17 of the Regulation on leverage for banks, approved by the DEB of the NBM No 274/2020 (hereinafter Regulation No 274/2020). Where this is not the case in the first proposition, banks shall consider the fair value of derivative positions on a gross basis and shall treat those derivative positions as belonging to their own netting set for the purposes of this Title.

145. For the purposes of this Title, “fair value of a netting set” means the sum of the fair values of all transactions included in a netting set.

146. Without prejudice to the provisions of paragraphs 203 and 204, all derivative contracts listed in Annex No 1, subparagraph 2) letters a)-e) of Regulation No 114/2018, which require a full exchange of principal amounts on the same date shall be calculated on a net basis across currencies, including for the purpose of reporting in a currency subject to separate reporting in accordance with paragraph 18, even if those transactions are not included in the same netting set meeting the requirements set in paragraph 17 of Regulation No 274/2020.

147. Cash received as collateral to mitigate the exposure of a financial derivative position shall be treated accordingly and not as deposits to which Chapter II applies.

148. The NBM may decide to waive the impact of derivative contracts on the calculation of the net stable funding ratio, including by setting the required stable funding factors and provisions and losses, provided that all of the following conditions are met:

148.1. those contracts have a residual maturity of less than six months;

148.2. the BNM is the counterparty;

148.3. derivative contracts cover the monetary policy of the NBM.

149. Where a subsidiary, which has its head office in another State, benefits from the waiver referred to in paragraph 148 under the national law of that State setting the net stable funding requirement, that waiver under the national law of that State shall be considered for consolidation purposes.

Section 4

Clearing of secured lending transactions and capital market adjusted transactions

150. Assets and liabilities arising from securities financing transactions with a single counterparty shall be calculated on a net basis, if those assets and liabilities meet the clearing conditions set out in Regulation No 274/2020.

Section 5

Interdependent assets and liabilities

151. With the prior approval of the NBM, banks may treat an asset and a liability as interdependent, provided that all of the following conditions are met:

151.1. the bank acts only as a pass-through unit to direct funding from the liability to the corresponding interdependent asset;

151.2. individual interdependent assets and liabilities can be clearly identified and have the same principal amount;

151.3. the interdependent asset and the interdependent liability have maturities that are substantially matched, with a maximum delay of 20 days between the maturity of the asset and the liability;

151.4. the interdependent liability has been requested under a legal, regulatory or contractual commitment and is not used to finance other assets;

151.5. the principal payment flows from the asset are not used for any other purpose than to repay the interdependent liability;

151.6. the counterparties for each pair of interdependent assets and liabilities are different.

152. Assets and liabilities shall be considered to meet the conditions set out in paragraph 151 and as interdependent where they are directly linked to the following products or services:

152.1. credit and liquidity facilities that meet the criteria set out in Title II for banks acting as mediators and which do not bear any funding risk;

152.2. derivatives clearing activities for clients, if the bank does not provide its clients with any guarantee as to the performance of the CCP and therefore bears no funding risk.

Section 6

Preferential treatment within a group

153. By way of derogation from Chapters II and III, the NBM may authorize banks, on a case-by-case basis, to apply a higher available stable funding factor or a lower required stable funding factor to assets, liabilities and committed liquidity or credit facilities, if all of the following conditions are met:

153.1. the counterparty is:

153.1.1. parent bank or a subsidiary of the bank;

153.1.2. another branch of the same parent bank;

153.1.3. is linked to the bank by a relationship with the obligation to prepare consolidated accounts and a solid annual report in accordance with the provisions of the Law on Accounting and Financial Reporting No 287/2017;

153.2. there are reasons to expect that the debt or committed credit or liquidity facility that has been received by the bank is a more sustainable source of funding, or that the asset or committed credit or liquidity facility that has been granted by the bank requires less stable funding over the one-year time horizon of the net stable funding ratio than the same debt, asset or credit or liquidity facility received or granted by other counterparties;

153.3. the counterparty applies a required stable funding factor that is equal to or higher than the highest available stable funding factor or an available stable funding factor that is equal to or lower than the lowest required stable funding factor;

153.4. the bank and the counterparty are established in the Republic of Moldova.

Chapter II

AVAILABLE STABLE FUNDING

Section 1

General provisions

Subsection 1

Calculating the amount of stable funding available

154. Except as otherwise provided in this Chapter, the amount of available stable funding shall be calculated by multiplying the carrying amount of the different categories or types of debt and own funds by the available stable funding factors that are applied under Section 2. The total amount of available stable funding shall be the sum of the weighted amounts of liabilities and own funds.

155. Bonds and other debt securities that are issued by the bank, sold exclusively on the retail market and held in a retail account, may be considered as belonging to the appropriate category of retail deposits. The limitations are designed in such a way that such securities cannot be purchased and held by parties other than retail customers.

Subsection 2

Residual maturity of a debt or own funds

156. Unless otherwise provided for in this Chapter, banks shall take into account the residual contractual maturity of their liabilities and own funds in determining the available stable funding factors to be applied under Section 2.

157. Banks consider existing options to determine the residual maturity of a debt or equity. This is done on the assumption that the counterparty will redeem the call options as soon as possible. For options exercisable at the discretion of the bank, banks and the NBM shall take into account reputational factors that may limit a bank's ability not to exercise the option, in particular market expectations that banks will redeem certain debt before maturity.

158. Banks shall treat deposits with fixed notice periods according to their notice period and term deposits according to their residual maturity. By way of derogation from paragraph 157, banks shall disregard early withdrawal options where the depositor has to pay a significant penalty for early withdrawals occurring in less than one year, as set out in paragraph 74, in order to determine the residual maturity of retail term deposits.

159. For the purposes of determining the available stable funding factors to be applied under Section 2, banks shall treat any part of debt that has a residual maturity of at least one year and matures in less than six months and any part of such debt that has a residual maturity of between six months and less than one year as having a residual maturity of less than six months and a residual maturity of between six months and less than one year respectively.

Section 2

Available stable funding factors

Subsection 1

0% available stable funding factor of

160. Unless otherwise provided for in Subsections 2 to 5, an available stable funding factor of 0 % shall be applied to all liabilities without a fixed maturity, including short positions and long positions, except for the following paragraphs:

160.1. deferred tax liabilities, which are treated in accordance with the earliest possible date on which these liabilities could be realized;

160.2. minority interests, which are treated in accordance with the duration of the instrument.

161. Deferred tax liabilities and minority interests as referred to in paragraph 160 shall be subject to one of the following factors:

161.1. 0 % if the effective residual maturity of the deferred tax liability or minority interest is less than six months;

161.2. 50 %, if the actual residual maturity of the deferred tax liability or minority interest is at least six months but less than one year;

161.3. 100 %, if the actual residual maturity of the deferred tax liability or minority interest is at least one year.

162. The following debts are subject to an available stable funding factor of 0%:

162.1. amounts payable at trade date resulting from the purchase of financial instruments, currencies and commodities, which are expected to settle in the standard settlement cycle or period that is typical for the relevant exchange or type of transaction in question or where settlement has not been achieved but is expected to be achieved;

162.2. liabilities that are classified as interdependent with assets in accordance with Section 5 of Chapter I;

162.3. debts with a residual maturity of less than six months provided by:

162.3.1. NBM;

162.3.2. ECB or the central bank of another States;

162.3.3. financial customers;

162.4. any other debt and equity instruments not mentioned in Subsection 2-5.

163. Banks shall apply an available stable funding factor of 0 % to the absolute value of the difference, if negative, between the sum of the fair values in all netting sets with a positive fair value and the sum of the fair values in all netting sets with a negative fair value, calculated in accordance with Section 3, Chapter I.

164. The following rules shall apply in respect of the calculation referred to in paragraph 163:

164.1. Variation margin received by banks from their counterparties shall be deducted from the fair value of a positive fair value netting set if the collateral received as variation margin qualifies as a Level 1 asset under Title II and banks are legally entitled and operationally able to re-use that collateral;

164.2. the entire variation margin provided by banks in favor of their counterparties is deducted from the fair value of a negative fair value netting set.

Subsection 2

50% available stable funding factor

165. The following debts are subject to an available stable funding factor of 50 %:

165.1. deposits received which meet the criteria for operational deposits set out in Subsection 5, Section 2, Chapter III, Title II;

165.2. debts with a residual maturity of less than one year provided by:

165.2.1. the central government of the Republic of Moldova or the central government of another State;

165.2.2. regional government or local authorities of the Republic of Moldova or of another State;

165.2.3. public sector entities from the Republic of Moldova or another State;

165.2.4. multilateral development banks and the international organizations referred in paragraphs 46 and 47 of Regulation No 111/2018;

165.2.5. customers that are non-financial corporates;

165.2.6. personal investment firms and clients who are deposit brokers, in so far as these debts do not fall under subparagraph 165.1;

165.3. liabilities with a residual contractual maturity of at least six months but less than one year which are provided by:

165.3.1. NBM;

165.3.2. ECB or the central bank of another State;

165.3.3. financial customers;

165.4. any other debt with a residual maturity of at least six months, but less than one year, which is not referred to in Subsections 3 to 5.

Subsection 3

90% available stable funding factor

166. Sight retail deposits, retail deposits with a fixed period of notice of less than one year and retail term deposits with a residual maturity of less than one year that fulfil the relevant criteria for other retail deposits set out in Subsection 3, Section 2, Chapter III, Title II are subject to a stable funding factor of 90 %.

Subsection 4

95% available stable funding factor

167. Sight retail deposits, retail deposits with a fixed period of notice of less than one year and retail term deposits with a residual maturity of less than one year that fulfil the relevant criteria for stable retail deposits set out in Subsection 2, Section 2, Chapter III, Title II, shall be subject to a stable funding factor of 95 %.

Subsection 5

100% available stable funding factor

168. The following liabilities and the following equity instruments are subject to a 100% available stable funding factor:

168.1. the bank's core Tier 1 own funds items of the bank before the application of the adjustments set out in paragraphs 26-29 of the Regulation on banks' own funds and capital requirements, approved by the DEB No 109/2018 (hereinafter - Regulation No 109/2018), of the deductions under paragraph 30 of Regulation No 109/2018 and of the derogations and alternatives set out in paragraphs 63-67 and 126 of Regulation No 109/2018;

168.2. the bank's additional Tier 1 own funds items before deduction of the items referred to in paragraph 87 of Regulation 109/2018 and before application of paragraph 126 of Regulation 109/2018, excluding any instruments with explicit or embedded options which, if exercised, would reduce the effective residual maturity to less than one year;

168.3. the bank's Tier 2 own fund items, before the deductions referred to in paragraph 100 of Regulation 109/2018 and before the application of paragraph 126 of Regulation 109/2018, which have a residual maturity of at least one year, beside the instruments with explicit or embedded options which, if exercised, would reduce the effective residual maturity to less than one year;

168.4. any other equity instrument of the bank which has a residual maturity of at least one year, except for any instrument with explicit or embedded options which, if exercised, would reduce the effective residual maturity to less than one year;

168.5. all other secured and unsecured borrowing or debt with a residual maturity of at least one year, including term deposits, unless otherwise provided for in Subsections 1 to 4.

CHAPTER III

REQUIRED STABLE FUNDING

Section 1

General provisions

Subsection 1

Calculating the amount of mandatory required stable funding

169. Unless otherwise provided for in this Chapter, the amount of stable funding requirement shall be calculated by multiplying the carrying amount of the different categories or types of assets and off-balance-sheet items by the required stable funding factors to be applied under Section 2. The total stable funding requirement shall be the sum of the weighted amounts of assets and off-balance-sheet items.

170. Assets that banks have borrowed, including under securities financing transactions, shall be excluded from the calculation of the amount of the required stable funding if these assets are recorded on the bank's balance sheet and the bank does not hold the assets as beneficial owner.

171. Assets that banks have borrowed, including in securities financing transactions, are subject to the required stable funding factors to be applied under Section 2 if these assets are not recorded on the balance sheet of the bank but the bank holds the assets as beneficial owner.

172. Assets that banks have borrowed, including under securities financing transactions that the bank holds as beneficial owner, shall be considered as encumbered assets for the purposes of this Chapter and shall be subject to the required stable funding factors to be applied under Section 2, even if the assets do not remain on the balance sheet of the bank. Otherwise, such assets shall be excluded from the calculation of the amount of required stable funding.

173. Assets that are encumbered with a residual maturity of at least six months shall be assigned either the required stable funding factor that would be applied under Section 2 to those assets if they were unencumbered, or the required stable funding factor that is generally applicable to those encumbered assets, whichever is higher. The same shall apply if the residual maturity of the encumbered assets is shorter than the residual maturity of the operation incurring the encumbrance.

174. Remaining assets with less than six months of encumbrance period are subject to the required stable funding factors to be applied, under Section 2, to the same assets if these were unencumbered.

175. Where a bank reuses or pledges an asset that has been borrowed, including in securities financing transactions, and that asset is accounted for off-balance-sheet, the transaction in relation to which that asset has been borrowed shall be regarded as encumbered when the transaction cannot mature without the bank returning the borrowed asset.

176. In the context of this chapter the following assets shall be considered to be unencumbered:

176.1. assets in a portfolio (pool) that can immediately be used as collateral to obtain additional funding under committed credit lines or, where the portfolio (pool) is administered by a central bank of uncommitted and not yet funded credit lines available to the bank. Banks shall assume that the assets in the portfolio are encumbered in ascending order of liquidity based on the liquidity classification under Chapter II, Title II, starting with assets ineligible for the liquidity buffer;

176.2. assets that the bank has received as collateral to mitigate credit risk in secured lending, secured funding or collateral swap transactions and that the bank may dispose of.

177. In the case of non-standard, temporary operations conducted by the NBM, the ECB or another country's bank in order to fulfil its mandate in a period of market-wide financial distress or exceptional macroeconomic circumstances, the following assets may benefit from a reduced stable funding requirement:

177.1. by way of derogation from subparagraph 198.6 and subparagraph 202.1, the encumbered assets for the transactions referred to in this paragraph,

177.2. by way of derogation from subparagraphs 198.4.1 and 198.4.2, 200.2 and 201.3, the amounts resulting from the transactions referred to in this paragraph.

178. The NBM shall determine the required stable funding ratio to be applied to the assets referred to in paragraph 177. For encumbered assets, as referred to in subparagraph 177.1, the required stable funding ratio to be applied shall not be lower than the required stable funding ratio that would apply under Section 2 to those assets if they were unencumbered.

179. Where a reduced stable funding factor required in accordance with paragraph 178 is applied, the NBM shall closely monitor the impact of the reduced factor on banks; stable funding positions and take appropriate supervisory actions, where necessary.

180. To avoid double-counting, banks shall exclude from other parts of the calculation of the amount of the required stable funding under this Chapter assets that are associated with collateral recognized as variation margin provided in accordance with subparagraph 164.2 and subparagraph 204.2, as initial margin provided or as a contribution to a CCP's guarantee fund in accordance with subparagraphs 201.1 and 201.2.

181. Banks shall include in the calculation of the amount of the required stable funding financial instruments, currencies and commodities for which a purchase order has been executed. Banks shall exclude from the calculation of the amount of the required stable funding the financial instruments, currencies and commodities for which a sell order has been executed, as long as such transactions are not reflected as derivatives or securities financing transactions on banks' balance sheets and that such operations are reflected on banks' balance sheets when settled.

182. The NBM may determine the required stable funding factors to be applied to off-balance-sheet exposures not referred to in this Chapter to ensure that banks have an adequate amount of stable funding available for the part of these exposures that is expected to require funding over the one-year time horizon of the net stable funding ratio. In determining these factors, the NBM shall take into account, in particular, the significant reputational damage that could be caused to the bank if the funding were not provided.

Subsection 2

Residual maturity of an asset

183. Except as otherwise provided in this Chapter, banks shall take into account the residual contractual maturity of their off-balance-sheet assets and off-balance-sheet transactions when determining the required stable funding factors to be applied to their off-balance-sheet assets and off-balance-sheet transactions under Section 2.

184. Assets representing OTC derivatives are treated by banks in accordance with their underlying exposures. Banks shall, however, apply higher required stable funding factors to these assets, depending on the encumbrance period to be determined by the NBM, which shall consider whether the bank can freely dispose or exchange such assets and the duration of the liabilities to the banks' customers to which this separation requirement relates.

185. When calculating the residual maturity of an asset, banks shall take into account options on the assumption that the issuer or counterparty will exercise any option to extend the maturity of an asset. For options exercisable at the discretion of the bank, the bank and the NBM shall consider reputational factors that may limit the bank's ability not to exercise the option, in particular market and customer expectations that the bank will extend the maturity of certain assets at maturity.

186. In order to determine the required stable funding factors to be applied in accordance with Section 2, to dampen the loans with a residual contractual maturity of at least one year, any part that matures in less than six months and any part that has a maturity of between six months and less than one year shall be treated as having a residual maturity of less than six months and a residual maturity of between six months and less than one year, respectively.

Section 2

Required stable funding factors

Subsection 1

0% required stable funding factor

187. A required stable funding factor of 0% is applied to the following assets:

187.1. high quality unencumbered assets that are eligible as liquid Level 1 assets under Chapter II, Title II, independently of their compliance with the operational requirements laid down in that Chapter;

187.2. shares or units held in unencumbered CIUs which are eligible for a 0 % adjustment for the calculation of the liquidity coverage ratio under Chapter II, Title II, regardless of their

compliance with the operational requirements and the requirements concerning the composition of the liquidity buffer set out in that Chapter;

187.3. all banks' reserves held with the NBM, the ECB or the central bank of another country, including required reserves and excess reserves;

187.4. all claims on the NBM, the ECB or on the central bank of another country with a residual maturity of less than six months;

187.5. trade date receivable arising from the sale of financial instruments, currencies or commodities that are expected to settle in the standard settlement cycle or standard period that is typical for the relevant exchange or type of transaction in question or where settlement has not been completed but is nevertheless expected to be completed;

187.6. assets that are classified as interdependent with liabilities in accordance with Section 5, Chapter I;

187.7. monies due from securities financing transactions with financial customers where such transactions have a residual maturity of less than six months, where those monies due are secured by assets that qualify as Level 1 assets under Chapter II, Title II, and where the bank would be legally entitled and operationally able to reuse those assets for the entire duration of the transaction.

188. Banks shall take into account the monies due referred to in subparagraph 187.7 on a net basis where Section 4, Chapter I applies.

189. By way of derogation from subparagraph 187.3, the NBM may decide to apply a higher required stable funding factor to required reserves, considering, in particular, the extent to which reserve requirements have a one-year horizon and therefore require associated stable funding.

190. For subsidiaries which have their head office in another State, where the central bank applies a higher required stable funding factor to required reserves, under the net stable funding requirement of the national law of that State, that higher required stable funding factor is taken into account for the consolidation purposes.

Subsection 2

5% required stable funding factor

191. The following assets and off-balance sheet items are subject to a required stable funding factor of 5%:

191.1. unencumbered shares or units held in CIUs that are eligible for a 5 % adjustment for the calculation of the liquidity coverage ratio in accordance with Chapter II, Title II, notwithstanding their compliance with the operational requirements and the requirements concerning the composition of the liquidity buffer as set out in Chapter II, Title II;

191.2. amounts due from securities financing transactions with financial customers, where these transactions have a residual maturity of less than six months, other than those referred to in subparagraph 187.7;

191.3. the undrawn portion of committed credit and liquidity facilities under Chapter III, Title II;

191.4. off-balance-sheet products related to trade finance listed in Annex 1 to Regulation No 111/2018 with a residual maturity of less than six months.

192. Banks shall take into account the monies due referred to in subparagraph 191.2 on a net basis where Section 4, Chapter I applies.

193. For all derivative contract netting sets, banks shall apply a required stable funding factor of 5 % to the absolute value of the fair value of those derivative contract netting sets, including any collateral provided, if those netting sets have a negative fair value. Therefore, banks shall determine fair value as the gross value of any collateral posted or settlement payments and receipts related to changes in the market price of such contracts.

Subsection 3

7.5% required stable funding factor

194. Off-balance-sheet products related to trade finance listed in Annex 1 to Regulation No 111/2018 that have a residual maturity of at least six months but less than one year are subject to a required stable funding factor of 7.5%.

Subsection 4

10% required stable funding factor

195. The following assets and off-balance sheet items are subject to a required stable funding factor of 10%:

195.1. amounts owed on transactions with financial customers that have a residual maturity of less than six months, other than those referred to in subparagraphs 187.7 and 191.2;

195.2. trade finance off-balance-sheet related products with a residual maturity of less than six months;

195.3. trade finance off-balance-sheet related products listed in Annex 1 to Regulation No 111/2018 with a residual maturity of at least one year.

Subsection 5

15% required stable funding factor

196. Unencumbered assets qualifying as Level 2A assets under Chapter II of Title II shall be subject to a required stable funding factor of 15 % regardless of their compliance with the operational and liquidity composition requirements as laid down in that title.

Subsection 6

20% required stable funding factor

197. Shares or units in unencumbered CIUs which are eligible for a 20 % adjustment for the calculation of the liquidity coverage ratio in accordance with Chapter II of Title II shall be subject to a required stable funding factor of 20 %, irrespective of their compliance with the operational requirements and the requirements on the composition of the liquidity buffer as laid down in that Title.

Subsection 7

50% required stable funding factor

198. The following assets are subject to a required stable funding factor of 50%:

198.1. unencumbered assets that are eligible as Level 2B assets under Chapter II of Title II, whether or not they comply with the operational and liquidity buffer requirements as laid down in that Title;

198.2. deposits held by the bank with another non-bank financial institution which meet the criteria for operational deposits set out in Chapter III of Title II;

198.3. monies due from transactions with a residual maturity of less than one year:

198.3.1. the central government of the Republic of Moldova or the central government of another State;

198.3.2. regional government or local authorities of the Republic of Moldova or another State;

198.3.3. public sector entities in another State;

198.3.4. the multilateral development banks referred to in Section 4, Chapter IV of Regulation No 111/2018 and the international organizations referred to in Section 5, Chapter IV of Regulation No 111/2018;

198.3.5. non-financial companies, retail customers and SMEs;

198.3.6. personal investment companies and customers that are deposit brokers, insofar as these assets do not fall under subparagraph 198.2;

198.4. monies due from transactions with a residual maturity of at least six months but less than one year with:

198.4.1. NBM;

198.4.2. CEB or the central bank of another State;

198.4.3. financial customers;

198.5. Trade finance on-balance-sheet related products with a residual maturity of more than six months but less than one year;

198.6. encumbered assets with a residual maturity of more than six months but less than one year, unless such assets would be assigned a higher required stable funding factor in accordance with paragraphs 199 to 204 as they were unencumbered, shall apply, as the higher required stable funding factor applies to such assets if they were unencumbered;

198.7. any other asset with a residual maturity of less than one year, unless otherwise specified in paragraphs 187 to 197.

Subsection 8

55% required stable funding factor

199. Shares or units held in unencumbered CIUs which are eligible for a 55 % adjustment for the calculation of the liquidity coverage ratio in accordance with Chapter II, Title II shall be subject to a required stable funding factor of 55 %, other than their compliance with the operational requirements and the requirements concerning the composition of the liquidity buffer as laid down in that Title.

Subsection 9

65% required stable funding factor

200. The following assets are subject to a required stable funding factor of 65 %:

200.1. unencumbered loans secured by mortgages on residential property or unencumbered residential loans fully guaranteed by an eligible protection provider referred to in paragraph 36 of Regulation No 112/2018 with a residual maturity of at least one year, provided that such loans are assigned a risk weight of maximum 50 % in accordance with Section 12, Chapter IV of Regulation No 111/2018;

200.2. unencumbered loans with a residual maturity of one year or more, excluding loans to financial customers and loans referred to in paragraphs 187 to 197, provided that these loans are assigned a risk weight of maximum 50 % in accordance with Section 12, Chapter IV of Regulation No 111/2018.

Subsection 10

85% required stable funding factor

201. The following assets and off-balance sheet items are subject to a required stable funding factor of 85%:

201.1. any asset and off-balance-sheet item, including cash, provided as initial margin for derivative contracts, unless that asset would be assigned a higher required stable funding factor in accordance with Subsection 11 if held unencumbered, shall apply, when the higher required stable funding factor applies to that asset if it were unencumbered;

201.2. any asset and off-balance-sheet item, including cash, provided as contribution to the default fund of a CCP, unless it would be assigned a higher required stable funding factor in accordance with Subsection 11 if held unencumbered, in which case the higher required stable funding factor to be applied to the unencumbered asset shall apply;

201.3. unencumbered loans with a residual maturity of one year or more, excluding loans to financial customers and loans referred to in paragraphs 187 to 200, which are not past due for more than 90 days and which are assigned a risk weight of more than 50 % in accordance with Chapter IV of Regulation No 111/2018;

201.4. trade finance on-balance-sheet related products, with a residual maturity of one year or more;

201.5. unencumbered securities with a residual maturity of one year or more that are not in default in accordance with the provisions of Section 3, Chapter III of Regulation No 111/2018 and which are not eligible as liquid assets under Title II;

201.6. unencumbered exchange-traded equities that do not qualify as Level 2B assets under Title II;

201.7. physically traded commodities, including gold, but excluding commodity derivatives.

Subsection 11

100% required stable funding factor

202. The following assets are subject to a 100% required stable funding factor:

202.1. unless otherwise specified in this Section, any asset encumbered for a residual maturity of one year or more;

202.2. any assets other than those referred to in paragraphs 187-201, including loans to financial customers with a residual contractual maturity of one year or more, non-performing exposures, items deducted from own funds, fixed assets, non-exchange-traded equities, retained interest, insurance assets, defaulted securities.

203. A bank shall apply a required stable funding factor of 100 % to the difference, if positive, between the sum of the fair values in all netting sets with a positive fair value and the sum of the fair values in all netting sets with a negative fair value, calculated according to Section 3, Chapter I.

204. The following rules shall apply in relation to the calculation referred to in paragraph 203:

204.1. Variation margin received by banks from their counterparties shall be deducted from the fair value of a positive fair value netting set if the collateral received as variation margin qualifies as a Level 1 asset under Title I and banks are legally entitled and operationally able to re-use that collateral;

204.2. the entire variation margin provided by banks in favor of their counterparties is deducted from the fair value of a negative fair value netting set.

TITLE IV

PROCEDURE FOR ISSUANCE OF PRIOR APPROVALS, WAIVERS, APPROVALS AND AUTHORIZATIONS BY THE NATIONAL BANK OF MOLDOVA

Chapter I

Assigning prior approvals

205. This Chapter shall apply to prior approvals issued by the NBM under paragraphs 76, 125, 126, 127 and 151. For the issuance of the prior approval, the bank shall submit to the NBM an application to which shall be attached the documents and information confirming that the bank meets the conditions set out in the respective paragraphs.

206. The application, as well as the documents and information referred to in paragraph 205 shall be submitted to the NBM in Romanian and the person authorized by the bank shall sign it.

207. If the documents and/or information specified in paragraph 205 do not correspond to paragraphs 205 and 206, the NBM shall notify the bank in written form within 5 working days from the date of submission of the application. The Bank shall complete, within 10 working days from the receipt date of the NBM's letter, and submit to the NBM the missing documents and/or information.

208. If the bank fails to complete the set of documents and information within the deadline specified in paragraph 207, the NBM shall inform the bank about the termination of the administrative procedure within 3 working days from the expiration of the deadline.

209. Within 60 working days from the date of receipt of the complete set of documents and information according to this Chapter, the NBM shall issue the appropriate prior approval or reject the application, informing the bank in writing of its decision. If further examination is required or more time is needed for processing the information and documents, the deadline may be extended by up to 30 working days, notifying the Bank.

210. If the documents and information submitted in accordance with this Chapter are insufficient to decide on the application for prior approval in the context of paragraph 205, the NBM shall be authorized to request the submission of additional documents and information.

211. The bank shall submit additional information and documents within the deadline indicated by the NBM, while the deadline referred to in paragraph 209 shall be suspended.

212. If the application for prior approval is rejected, the grounds on which the application is rejected shall be indicated. The following shall be considered as grounds for rejecting the application for NBM prior approval:

212.1. failure to comply with the conditions laid down for obtaining such prior approval, where applicable and/or

212.2. submission of erroneous, inauthentic and/or contradictory information to the NBM;

212.3. failure to provide documents and information confirming that the bank has met the conditions set for getting the respective prior approval.

213. The Bank shall be entitled to apply the provisions set out in the prior approvals from the date of issuance of the prior approval.

Chapter II

Assigning approvals, waivers and imposing stricter conditions

214. In the supervisory review process, the NBM may assign approvals, waivers and impose stricter conditions in the cases referred to in paragraphs 13, 31, subparagraphs 35.3, 51, 101, 148 and 189.

215. Where the NBM opens one of the procedures referred to in paragraph 214, it shall inform the bank thereof in writing within 3 working days from the date of the opening of the procedure, where appropriate, and shall request the submission of relevant information and documents confirming that the bank meets the requirements set out in this Regulation.

216. The required information and documents shall be submitted in Romanian and signed by the person authorized by the bank.

217. The provisions relating to the procedure set out in paragraphs 207-213 shall apply accordingly.

Chapter III

Assigning authorizations

218. Authorizations shall be assigned in the context of Articles 97, 131 and 153 both at the request of the bank and at the initiative of the NBM in the framework of ex-officio and/or on-site inspections.

219. The provisions relating to the procedure laid down in Chapter I and Chapter II respectively shall apply accordingly.

Annex No 1
to the Liquidity Regulation

Formulas for determining the composition of the liquidity buffer

1. The Bank shall use the formulae set out in this Annex to determine the composition of its liquidity buffer in accordance with Subsection 2, Section 1, Chapter II of Title II.

2. Calculation of the liquidity buffer: from the date of calculation, the bank's liquidity buffer shall be equal to:

(a) the value of Level 1 assets; plus

(b) the value of Level 2A assets; plus

(c) the value of Level 2B assets;

minus the lesser of:

(d) the sum of (a), (b) and (c); or

(e) the “excess liquid assets amount” calculated in accordance with paragraphs 3 and 4 of this Annex.

3. “Excess liquid assets” amount: this value shall be comprised of the components defined below:

(a) the adjusted value of Level 1 assets, which is equal to the value - after the application of haircuts - of all Level 1 liquid assets that would be held by the bank at the closing of any secured funding, secured lending or collateral swap transaction that matures within 30 days of the calculation date and where the bank and the counterparty exchange liquid assets on at least one leg of the transaction;

(b) the adjusted Level 2A assets amount, which shall be equal to the value post-haircuts of all Level 2A assets that would be held by the bank upon the conclusion of any secured funding, secured lending or collateral swap transaction that matures within 30 days of the calculation date and in which the bank and the counterparty exchange liquid assets on at least one leg of the transaction; and

(c) the adjusted Level 2B assets amount, which shall be equal to the value post-haircuts of all Level 2B assets that would be held by the bank upon the conclusion of any secured financing, secured lending or collateral swap transaction that matures within 30 days of the calculation date and in which the bank and the counterparty exchange liquid assets on at least one leg of the transaction.

4. Calculation of the “excess liquid assets amount”: this value is equal to:

(a) the adjusted Level 1 assets amount; plus

(b) adjusted Level 2A assets amount; plus

(c) adjusted Level 2B assets amount;

minus the lesser of:

(d) the sum of (a), (b) and (c);

(e) 100/60 times (a);

(f) 100/85 times the sum of (a) and (b).

Annex No 2
To the Liquidity Regulation

Formula for calculating net liquidity outflows

NLO - Net liquidity outflow

TO - Total outflows

TI - Total inflows

FEI - Fully exempted inflows

IHC - Inflows subject to higher cap of 90% of outflows

IC - Inflows subject to cap of 75% of outflows

Net liquidity outflows equals total outflows less the reduction for fully exempt inflows less the reduction for inflows subject to the 90% cap less the reduction for inflows subject to the 75% cap.

$$NLO = TO - \min(FEI, TO) - \min(IHC, 0,9 * \max(TO - FEI, 0)) - \min(IC, 0,75 * \max(TO - FEI - IHC/0,9, 0))$$