

Briefing

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New Draft Rules on Strengthening the Prudential Regime of Non-Banking Financial Institutions

The National Bank of Romania ("NBR") has recently launched the public consultation on a draft regulation aimed at slightly amending the NBR Regulation no. 20/2009 on non-banking financial institutions ("NBFI") ("**Draft NBR Regulation**").

The proposed amendments are designed to limit the concerns of the NBR in relation to certain business models and practices of NBFIs which grant short term low unsecured loans bearing high effective annual interests rates (in Romanian, *dobanda anuala efectiva*) ("**DAE**") to Romanian consumer.

The Draft NBR Regulation sets out two additional criteria which trigger automatic registration of a NBFI with the Special Register maintained by the NBR and, following such registration, increased prudential supervision by NBR over such entity applies. The additional criteria refer to (i) the aggregate amount of consumers loans granted during the last three quarters and (ii) the average monthly DAE for new consumers loans.

Moreover, the Draft NBR Regulation provides higher capital requirements for the high risk consumer loans (such as term loan with DAE above 32,5% with a maturity of more than 90 days).

If adopted in the version currently subject to public consultation, the Draft NBR Regulation would enter into force on 1 October 2017, save for the rules which may impact the capital requirements for NBFIs, which would become effective starting with 31 January 2018.

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