

# **Statutes of referential banks on the interbank money market**

Slovak commercial banks, in cooperation with the National Bank of Slovakia, have agreed on this Statutes of Referential Banks. Its purpose is to contribute to the development of the financial market, especially inter-bank money market, namely a reliable determination of official interest rates abbreviated as BRIBOR.

## **Article 1 Introductory provisions**

The Statutes of referential banks (hereinafter the „Statutes“) on the interbank money market determines:

1. conditions under which the National Bank of Slovakia assigns to banks the status of a referential bank on the interbank money market,
2. rights and obligations of referential banks on the interbank money market.

## **Article 2 General provisions**

1. For the purpose of these rules, the following terms are to be understood as:
  - 1.1. „Currently quoted price“ is the binding price announced by the bank, upon request, to another bank, at which it is willing to buy or sell a product of the interbank money market.
  - 1.2. „Publicly quoted price“ is the price level publicly announced through the information system Reuters, at which the bank is willing to buy or sell an interbank money market product.
  - 1.3. „BRIBID“ (Bratislava Interbank Bid Rates) is the interest rates fixing on the interbank deposit market, computed from the quotes of referential banks for deposit bids pursuant to the „Algorithm for determining the interest rates BRIBID and BRIBOR“ (hereinafter the „Algorithm“), which constitutes Annex 1 to the „Agreement with NBS on the Activity of a Referential Bank on the Interbank Money Market (hereinafter the „Agreement“).
  - 1.4. „BRIBOR“ (Bratislava Interbank Offered Rates) is the interest rate fixing on the interbank deposit market computed from the quotes of referential banks for the sale of deposits pursuant to the Algorithm.

2. Meetings of referential banks are divided into assessment, working and annual ones.
  - 2.1. Assessment meetings take place in April and October and are organized by NBS. The main content of an assessment meeting is to assess the activities of referential banks, their market position and the declaration of referential banks for the following period, valid as from the first day of the following month.
  - 2.2. A working meeting may take place on the basis of request presented by any referential bank and/or NBS and is not held on a regular basis. A working meeting called up by a referential bank must have a defined agenda and other participants have to be informed about it at least 5 working days in advance. NBS reserves the right to call up working meetings operationally, without any more specifically determined agenda.
  - 2.3. The annual meeting is called up and organized once a year by NBS, usually in December. The main topic of such meeting is usually the assessment of the previous year and information about the current Monetary Program of the National Bank of Slovakia.

### **Article 3**

#### **Obligations of a referential bank and conditions for status assignment**

1. Obligations of a referential bank are:
  - 1.1. to conclude the Agreement,
  - 1.2. in compliance with the Agreement pursuant to the above point 1.1. to cooperate in the process of determining the interest rates fixing on the BRIBOR and BRIBID interbank deposits market,
  - 1.3. to inform on a regular basis the NBS about its activity on the interbank money market in a way and scope as determined by the NBS.
  - 1.4. to dispose with the REUTERS on-line communication device,
  - 1.5. to quote currently its prices for bids and calls on the interbank money market with respect to the agreed upon products to banks and applicants for the status and publicly quote its bids and calls at least during the following time:
    - a) from 8.30 a.m. till 11.45 a.m. for O/N
    - b) from 8.30 a.m. till 4.00 p.m. for other maturities.
  - 1.6. To meet the duties approved at the meeting of referential banks by a simple majority of votes determining mainly duties concerning:
    - a) money market products to which such duties apply,
    - b) maturities for which the different products are quoted,
    - c) minimal volumes for different products and maturities,

- d) maximal bid and call spreads,
  - e) maximal differences between the currently quoted price and publicly quoted price.
- 1.7. To have an adequate portion on the interbank money market in specified products. The daily weighted average volume of trades assessed for the last half year may not be lower than 4.0% of the overall volume of all the banks reporting on a regular basis NBS pursuant to point 1.3 of this Article, or may not be lower than 4.0 % of the overall volume in deposits of the bank reporting.
  - 1.8. To participate at the meetings of referential banks and NBS, duly fill in questionnaires prepared by NBS designed for referential banks assessment purposes.
2. An application for the status of a referential bank may be submitted by a bank, which, upon its own discretion, performs activities indicated in point 1.3 through 1.7 of this Article.
  3. The status is assigned by NBS following the signature of an Agreement.

#### **Article 4**

##### **Method of assigning the status**

1. Any bank applying for the assignment of the status shall send a written application to the department of banking trades at the National Bank of Slovakia. Enclosed to the application shall be:
  - a) a filled in questionnaire of a referential bank,
  - b) announcement of the page code in REUTERS system where the bank publicly quotes the bids and calls of the agreed money market products,
  - c) additional information, upon NBS' request, necessary for the assessment of the application.
2. Once the NBS receives the application, it shall decide within 30 days about its acceptance or refusal. In case:
  - a) the application is accepted, the bank becomes an "Applicant for the assignment of a referential bank status". NBS shall announce such fact to all other referential banks as well as other applicants for the status. At the same time it shall ask the applicant bank to comply with the duties of a referential bank indicated in Article 3, point 1.1. through 1.6. as from the date when the application is accepted,
  - b) certain of the conditions indicated in Article 3, point 1.1. through 1.6. are violated, NBS shall return the application for status assignment to the bank and the bank ceases to be an applicant as from that day.
3. The assignment of the status is announced by NBS at the assessment meeting with referential banks. The applicant for status assignment has the right to its assignment, if:
  - a) NBS has accepted the applicant's application,

- b) the applicant meets the conditions set in Article 3.
- 4. If the applicant complied with the terms specified in point 3 of this Article, it is assigned the status of a referential bank on the first calendar day of the month following the month when the meeting of referential banks took place.
- 5. In case a referential bank raises any objections against the applicant, NBS shall suggest to vote about the status assignment. In such case the condition for assigning the status is the approval by the simple majority of authorized votes.
- 6. Based on the decision to assign the status, NBS and the applicant bank shall conclude the Agreement.
- 7. In case the application is refused, NBS shall notify the applicant bank in writing about its opinion.
- 8. The applicant for the status may ask also upon his own discretion to return a submitted application for status.

#### **Article 5**

##### **Removal of the status of a referential bank**

- 1. The status of a referential bank may be cancelled upon referential bank's own request or based on the decision adopted by NBS.
- 2. NBS shall decide about the removal of the status if the referential bank:
  - a) grossly and repeatedly violates some of the duties of a referential bank, indicated in Art. 3, point 1.1. through 1.8,
  - b) fails to meet the duty indicated in the Statute, Article 3, point 1.7.
- 3. If the status is removed due to the reason indicated in this Article, point 2. b), the bank automatically becomes an applicant for the status.
- 4. If the status is removed based on bank's own request, NBS is obliged to inform other referential banks and applicants on the day of its removal at the latest.

#### **Article 6**

##### **Voting rights of a referential bank and voting method**

- 1. The number of votes available to the referential bank is given by bank's share on the overall turnover of all referential banks in the given products. The basis for computing the number of votes of a referential bank is its portion on the total weighted turnover of all referential banks in the previous half year in the determined products. For each started 10% share on the weighted turnover of all referential bank, the bank is entitled to 1 vote. The bank has the assigned number of votes during the entire observed half year.

2. A referential bank which was not a referential bank in the previous half year will be assigned 1 valid vote.
3. The number of valid votes is assigned to referential banks by NBS which is announced by it at the assessment meeting of referential banks.
4. Representatives of the referential banks vote publicly by expressing their opinion to a given issue for confirming the approval through raising hands. In case any representative of a referential bank objects against the form of voting, voting will be effected by ballot. Questions are worded exclusively in a positive form ("who is for?") and the proposal is accepted by the approval of the simple majority of authorized votes.
5. NBS does not participate in the voting but has the right of veto with respect to any accepted proposal.
6. All accepted proposals enter into effect on the first day of the following month if not agreed otherwise.
7. Products integrated into weighted turnovers can be changed in the form of minutes from the meetings of referential banks and constitute an integral part of the Agreement.

#### **Article 7 Final provision**

1. The amendment of this Statutes is possible only on the basis of the decision of NBS following the approval of the simple majority of referential banks' votes.
2. Duties of the referential banks as well as possible changes and announcements will be published in the system REUTERS on pages REFBANKY 1, REFBANKY 2.
3. Minutes from the meetings of the referential banks are prepared and archived by NBS.
4. This Statutes enters into effect as from November 1, 2005.