



Romania

Presentation on Forecasting of TSA and Cash management

Tirana, Albania 04-06 november 2024





Chapter

1. The Characteristics of Treasury single account (TSA)

2. The Financing of state budget deficit

3. The Electronic Payment System

4. The Forecasting of TSA

5. The Cash Management

6. FX Buffer Policy



The Characteristics of Treasury single account (TSA) - I

- The state treasury is a unitary and integrated system through which the state ensures the performance of collection and payment operations regarding public funds, including those regarding public debt
- Through the state treasury, collection and payment operations regarding public funds are carried out regarding:
 - a) the revenues and expenses of the **state budget, the state social insurance budget, local budgets, the state treasury budget;**
 - b) the revenues and expenses of **the budgets of the special funds**, which are established and used according to the legal regulations;
 - c) revenues and expenses of the **budgets of public institutions;**
 - d) **public debt** in lei and foreign currency, including public debt service;
- **Public institutions**, regardless of the financing and subordination system, carry out collection and payment operations through the state treasury units in whose area they are fiscally registered.
- It is **forbidden for public institutions** to carry out collection and payment operations through credit institutions (commercial banks), with the exception of collections and payments made in foreign currency.
- In order to carry out the expenses, the public institutions, regardless of the financing and subordination system, have the obligation to transmit the approved revenue and expenditure budget to the State Treasury units with which they have open accounts.



The Characteristics of Treasury single account (TSA) - II

- Public institutions, regardless of the financing system, **have the obligation to transfer the sums representing the value of the goods purchased, services rendered or works performed** to the accounts of the economic operators beneficiaries, opened at the state treasury units in which they are registered for tax purposes. Consequently, all the economic operating companies that conclude contracts with public institutions regarding the delivery of goods and services must open accounts in the state treasury units.

■ Local Budgets

The disadvantage of running the income and expenditure budgets of the territorial administrative units (UATs) is the volatility of their expenses.

The advantage of running the revenue and expenditure budgets of the territorial administrative units (UATs) is that their budgets are surplus and help with financing.

- The general current account of the State Treasury operates at the **National Bank of Romania** and is opened in the name of the Ministry of Finance.
- In the general current account of the state treasury, the National Bank of Romania registers receipts and makes payments within the limits of available funds in the account. The operation of the general current account of the state treasury and the registration of operations in this account are established by an agreement concluded between the Ministry of Finance and the National Bank of Romania.
- For the available funds remaining in the general current account of the state treasury, the National Bank of Romania grants an interest whose level is established by convention. **The interest rate** that is credited to the balance of the TSA account is the interest rate for the deposit facility applied to commercial banks by the BNR.



The Financing the state budget deficit and refinancing the public debt - I

- The role of the Treasury is:
 - Financing the **state budget deficit**, by ensuring the necessary liquidity for the full performance of public expenditures,
 - **Refinancing the public debt**
- In order to finance the budget deficit and refinance the public debt at the beginning of the year, the Treasury publishes the **indicative program** of government bond issues for the current year.
- The financing sources of the state budget deficit and the refinancing of the public debt:
 - issues on the **domestic market** (in lei and/or foreign currency – euro and usd)
 - **foreign market** issues (euro, usd and recently in Japanese yen)
- Every month, there is an internal meeting on the financing of the budget deficit and the refinancing of the public debt, which is attended by people from the 4 departments of the General Directorate for the Management of the Public Debt and Treasury Flows:
 - **Front Office** (TS issues/debt contracting, but also cash management operations – attracting deposits),
 - **Middle Office** (risk analysis and management),
 - **Back Office** (internal and external public debt repayment) and
 - **State treasury management unit** (TSA forecast, foreign exchange operations, balance balancing)
- The meeting discusses:
 - **the monthly issue prospectus** of state securities on the domestic market (Certificate Treasury Note, DBN, Tezaur, Fidelis, Plasamente Private),
 - **Medium Term Note (MTN)** issues from the foreign market,
 - the methods of balancing the debits of the balance of the general account of the state treasury through:
 - the operations of attracting **short-term deposits** from commercial banks or
 - the use of **foreign exchange** operations selling currency (euro/usd) from the MF buffer held at the NBR



Characteristics of Treasury single account (TSA)

Financing of budget deficit

Electronic Payment System

Forecasting of TSA

Cash Management

FX Buffer policy

Financing the state budget deficit and refinancing the public debt - II

■ Every month, there is a meeting of the **Commission for planning the financial flows of the state treasury**, which is attended by representatives from:

- **Treasury and Public Debt Department** (budget deficit financing and public debt refinancing),
- the **Budget Department** (budget execution),
- **Revenue Department** (budget revenue estimation),
- to the **National Fiscal Administration Agency** (collection of budget revenues), respectively at
- **National Bank of Romania** (Monetary Policy Department and Market Operations Department)

■ During the meeting, the following aspects are discussed:

- **budget execution** and the evolution of the budget deficit,
- **trends of budget revenues and expenses** for the next period (1 month)
- the stage and evolution of the **financing of the budget deficit** and refinancing of the public debt, the issues of TS for the next period,
- **TSA forecast** and **cash management operations** (short-term deposit withdrawals, foreign exchange operations from the buffer).

■ The main purpose of the Commission is to harmonize the actions and ensure the exchange of information between the general directions involved in the process of planning and budget execution and financing the needs at the government level, in order to ensure a smoothing of the financial flows of the state treasury and the implementation of the financing plan in the conditions limiting related costs and risks.



The electronic payment system

■ The architecture of the electronic payment system in Romania includes 3 main components:

- Settlement of high-value payments (all payments regardless of value) – **RealTimeGrossSettlement (RTGS ReGIS)**,
- Settlement of small value payments (less than 10,000 euros) – **Automated Clearing House (ACH - SENT)**
- **State securities settlement system - GSRS** (SaFIR).

■ **ReGIS (RTGS)** is the national real time gross settlement fund transfer system (RTGS) for payments in lei owned and operated by the BNR, through which interbank transfers are settled, as well as payments made by participants to the customer's account, regardless of value. The system ensures real-time processing and settlement.

■ **SENT (ACH)** is an electronic system for multilateral clearing of national interbank payment instructions denominated in lei and national and cross-border interbank payment instructions denominated in euros, of small value and large volume transmitted between participants, during 3 daily sessions .

■ **SaFIR (GSRS)** is the securities settlement system (SSS) owned and operated by the National Bank of Romania as the Central Securities Depository. Government securities issued on the interbank market are stored in this system.

■ The State Treasury has been a participant in the electronic payment system since **2005**.

■ Through the electronic payment system (RTGS, ACH, GSRS), the State **Treasury** of Romania performs **all the budget payments and receipts, as well as the operations regarding the internal and external public debt service** (MTN coupons).



Characteristics of Treasury single account (TSA)

Financing of budget deficit

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The Forecasting of TSA - I

- In December, Parliament **approves the state budget and the state social insurance budget**, and thus the volume of the budget deficit that needs to be financed during the year is known.
- After approval, in January, the **budget department** submits the quarterly budget and subsequently submits to the treasury monthly the estimates of the opening of budget credits.
- After approval, in January, the **revenue department** sends the budget revenue schedule broken down monthly to the treasury department.
- In order to finance the budget deficit and refinance the public debt at the beginning of the year, the **state treasury** publishes the indicative program of state bond issues for the current year.
- The objective of the state treasury is to ensure the financing of the budget deficit (and the due public debt), respectively to ensure the execution and settlement of all budget payments, at minimal costs and risks.
- In order to ensure on time, with minimal costs and risks, the liquidity necessary for the settlement of budget payments, including the public debt service within the General Directorate of Public Debt Management and Treasury Flows - State Treasury Management Unit - Interbank Payments Service and liquidity management, the work on the **Forecast of the balance of the general current account of the state treasury** is carried out.
- The TSA forecast is made for a period of **1 calendar month**.
- The TSA forecast is made using the **Microsoft Excel** application. Within the department, we also have the public debt management application **FTI-Star** (Financial Treasury & Investment), which includes a forecasting module for TSA.



The Forecasting of TSA - II

The main elements on the basis of which the monthly forecast of the general current account balance of the state treasury is made are:

- **receipts** of the general consolidated budget (+ inflow)
- consolidated general budget **payments** (- outflow)
- internal and external **public debt service** (principal and interest) (- outflow)
- **Romania's contribution to the EU budget** (- outflow)
- the issues of **state securities** on the domestic market (CTN, DBN) made for the financing of the budget deficit and the refinancing of the public debt established by the monthly issue prospectus (+ inflow)
- **foreign exchange operations** (sale/purchase) carried out by other departments of the MF (ACP, gas), respectively other ministries (MADR, MAPN, MIPE) - (+/- inflow/outflow)
- operations to balance debtor balances through operations to attract short-term deposits from commercial banks (**cash management operation**) (+ inflow)
- balancing operations, debit balances through **currency exchange operations**, currency sale (non cash management operation) (+ inflow)
- operations of investing creditor balances through placements with commercial banks, guaranteed by state securities (the legislation is approved, but these cash management operations were not used both due to the fact that the TSA balance had only debit balances, as well as the discussions with the BNR that did not they gave their consent because these operations make it difficult/affect the application of monetary policy).



Characteristics of Treasury single account (TSA)

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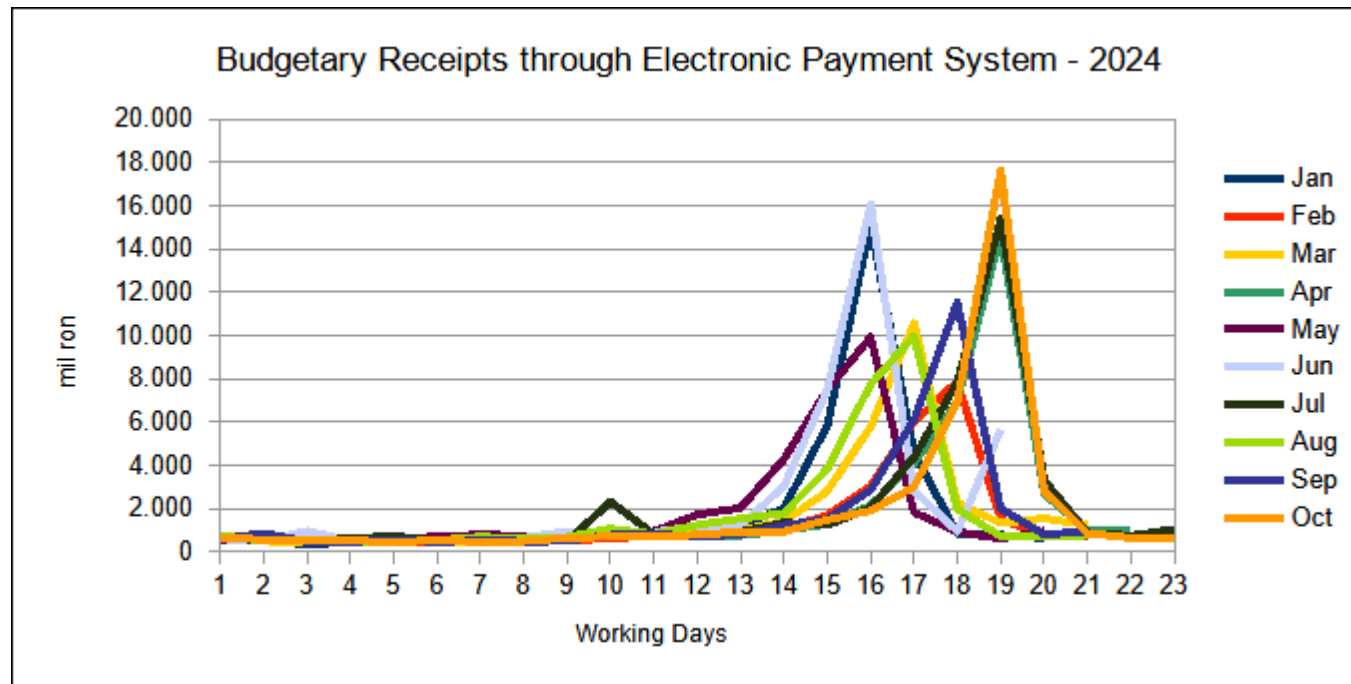
The Forecasting of TSA - III

- The estimation of the **volume and the daily distribution of budget receipts and payments** is carried out by having available the historical information provided by the Electronic Payment System.
- Their monthly and daily adjustment takes into account both the newly appeared fiscal-budgetary legislative changes, as well as the revenue program and the monthly openings of budget credits received from the revenue and budget departments within the MF.
- 25-30% of the total monthly budget payments are represented by **pension payments**. The daily distribution of pension payments is transmitted by the National Public Pension House and has 3 main tranches of public pensions.
- The TSA forecast is sent daily at **9:00 a.m.** to the management of the treasury department and to the National Bank of Romania.



Budget receipts

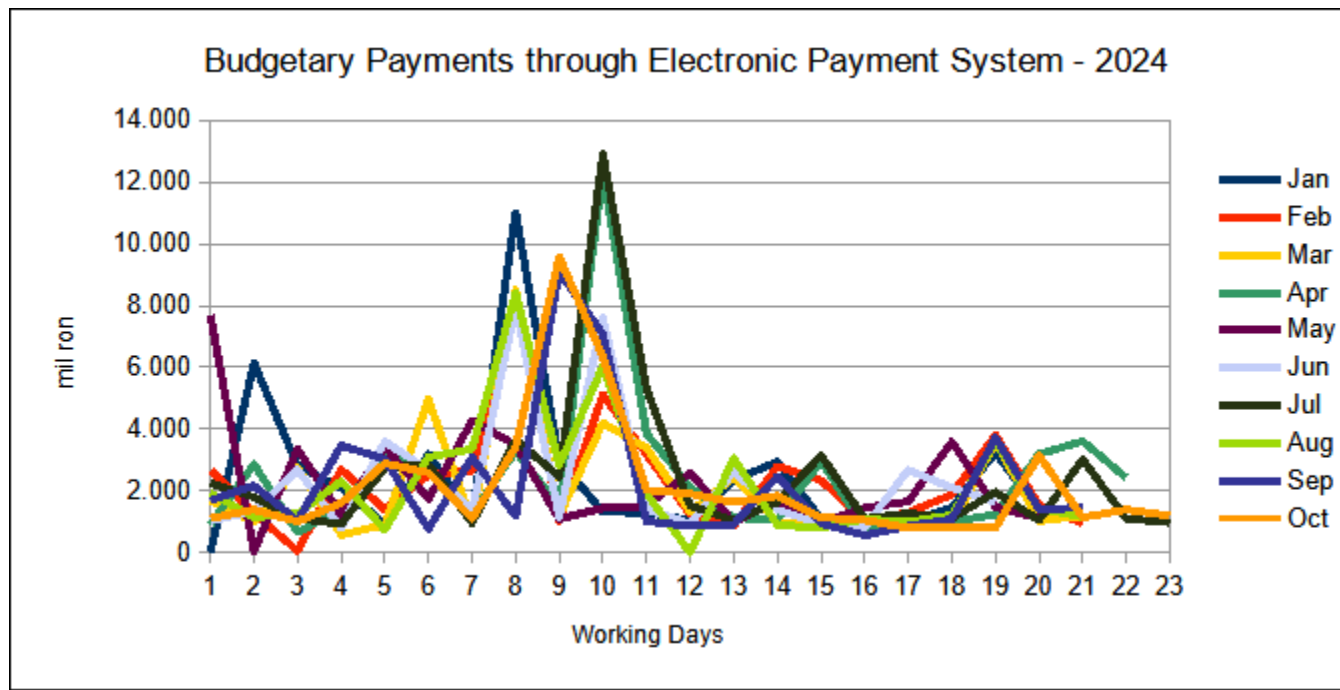
- The period of collection of budget revenues is made in accordance with the legislation of the Fiscal Code and the Fiscal Procedure Code, and the date of payment of taxes and fees in Romania is the **25th of the month**.
- 70-75% of the total budget receipts are made between the **22nd and 27th of the month**
- **Profit tax** is paid quarterly – January, April, July, October.
- **Dividends of companies** in which the state is a shareholder are paid in July and August.





Budget payments

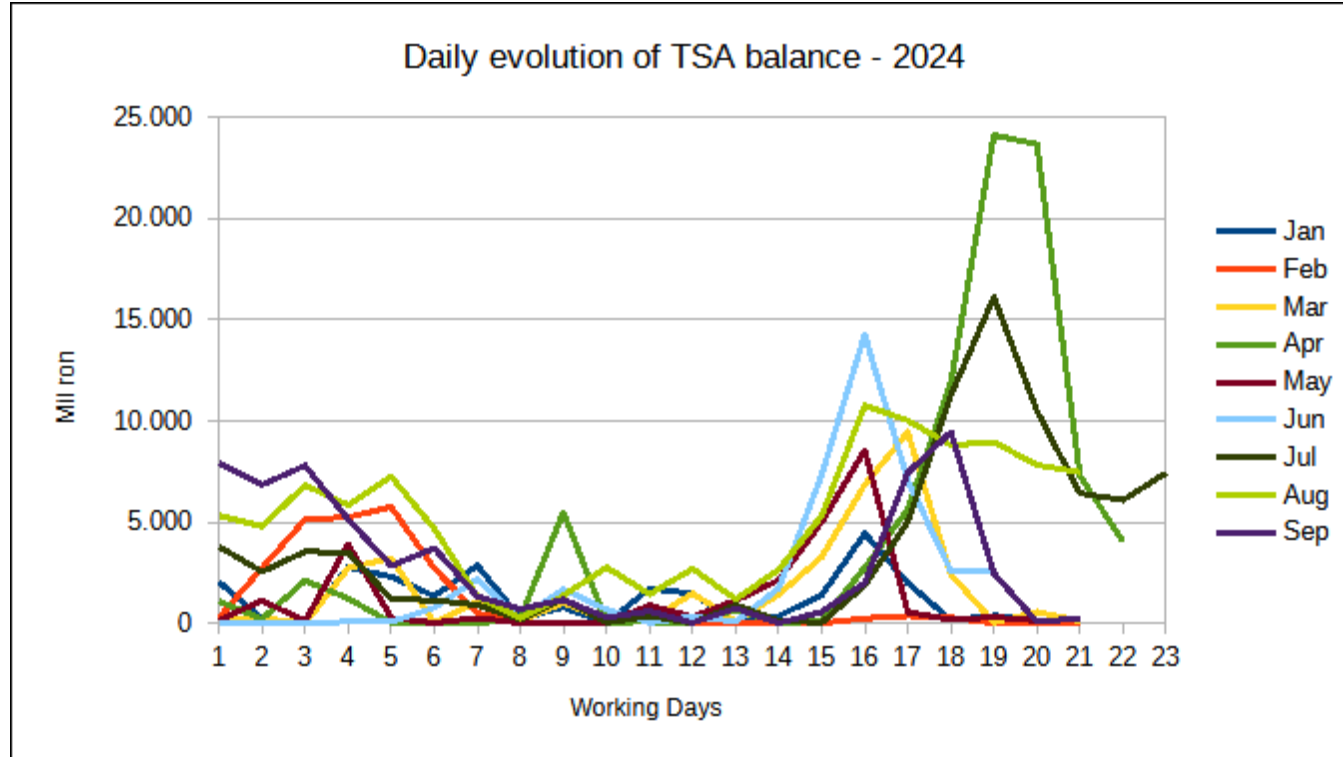
- Budgetary salary payments are made between **05-15 of the month**.
- 70-75% of the total budget payments are made between 01-20 of the month
- Pension payments are made in 3 installments based on the information received monthly from the National Public Pension House.
- Between the 26th and the 31st of the month, payments representing balance transfers made by economic agents that have contracts with the state regarding the value of purchased goods, services rendered or works performed.





The evolution of the general current account balance of the state treasury and cash management operations

- Operations to attract short-term deposits from commercial banks - ON / 1M on an auction and/or bilateral basis
- Sale of currency from the currency buffer of the MF from the BNR



General Directorate for Management of Public Debt and Cash Flows of Treasury



2 Statement of Daily Cash Balances - Treasury Single Account - luna octombrie 2024 incl 01 oct 2024.xls - LibreOffice Calc

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Forecast of Treasury Single Account (TSA) – October 2024													
DATA	Initial balance of TSA	Receipts		Payments			Final balance of TSA without financing	Cash management operations			Sold mediu	-15.848,55	
		Issues of state securities	Budgetary receipts	Repayments of state securities	Budgetary payments	Repayments of public debt (int + ext)		Deposits drawn from commercial banks	Deposit refunds	FX Operations	Final balance of TSA		
marți	Tuesday, October 1, 2024	263,40	600,00		1.109,09	3,92	-249,60			33,83	-215,77		
miercuri	Wednesday, October 2, 2024	-215,77			1.367,69	0,00	-447,28			32,54	-414,74		
joi	Thursday, October 3, 2024	-414,74	585,87		1.516,82	50,09	-1.497,72			0,00	-1.497,72	Fidelis Euro	
vineri	Friday, October 4, 2024	-1.497,72		468,83	3.024,12	42,83	-4.544,34			0,00	-4.544,34	Pensii transa a-II-a luna octombrie =	
luni	Monday, October 7, 2024	-4.544,34	0,00	501,88	2.913,59	4,69	-6.960,75			0,00	-6.960,75		
marți	Tuesday, October 8, 2024	-6.960,75		518,94	1.471,65	0,00	-7.913,45			0,00	-7.913,45		
miercuri	Wednesday, October 9, 2024	-7.913,45	0,00	607,25	3.230,88	0,00	-10.537,08			0,00	-10.537,08		
joi	Thursday, October 10, 2024	-10.537,08		621,60	1.374,96	500,00	-11.790,44			0,00	-11.790,44	Plata contrib RO la bug UE = 500 n	
vineri	Friday, October 11, 2024	-11.790,44		650,45	9.068,11	640,55	-20.848,66			0,00	-20.848,66	Pensii transa a-III-a luna octombrie	
luni	Monday, October 14, 2024	-20.848,66	0,00	700,98	6.341,55	0,00	-26.489,22			0,00	-26.489,22		
marți	Tuesday, October 15, 2024	-26.489,22		707,57	1.532,21	136,42	-27.450,28			0,00	-27.450,28		
miercuri	Wednesday, October 16, 2024	-27.450,28	0,00	792,43	1.409,21	0,00	-28.067,06			0,00	-28.067,06	3 emisii FIDELIS	
joi	Thursday, October 17, 2024	-28.067,06		935,70	1.535,23	0,00	-28.666,60			0,00	-28.666,60		
vineri	Friday, October 18, 2024	-28.666,60		945,75	2.042,45	0,00	-29.763,30			0,00	-29.763,30		
luni	Monday, October 21, 2024	-29.763,30	0,00	1.483,02	1.385,58	92,34	-29.758,20			0,00	-29.758,20		
marți	Tuesday, October 22, 2024	-29.758,20		1.809,69	823,14	0,00	-28.771,65			0,00	-28.771,65		
miercuri	Wednesday, October 23, 2024	-28.771,65	0,00	3.006,36	808,27	31,10	-27.522,09			0,00	-27.522,09	Scadenta CTN	
joi	Thursday, October 24, 2024	-27.522,09		6.818,26	823,78	531,16	-22.058,77			0,00	-22.058,77	1 coupon DBN	
vineri	Friday, October 25, 2024	-22.058,77		18.018,60	805,52	465,59	-5.311,27		-1.304,97	0,00	-6.616,24	Depo atras in 30 sept – Bcr / 1 cupu	
luni	Monday, October 28, 2024	-6.616,24	0,00	2.730,93	3.146,28	1.981,89	-9.013,48			0,00	-9.013,48	Pensii transa I luna noiembrie = 2.6	
marți	Tuesday, October 29, 2024	-9.013,48		877,58	1.143,57	0,00	-9.279,48			0,00	-9.279,48		
miercuri	Wednesday, October 30, 2024	-9.279,48	0,00	573,31	1.561,66	2.405,44	-12.673,26			0,00	-12.673,26	2 cupoane DBN	
joi	Thursday, October 31, 2024	-12.673,26		576,31	1.564,66	2,39	-13.663,99			0,00	-13.663,99		
ESTIMARI							TOTAL	1.300,00		-1.304,97	66,37	0,00	
			Finantare TS	Incasari NETE	Plati rascump. TS	Plati NETE	Depo efectiv atrase Octomb	0,00			66,37	0,00	
							Depozite în sold la 30 sept 2024	1.300,00		4,97	4,9756	4,4451	
							Atentie: Sumele din BUFFER – date OPERATIVE (DGTDP)				mio EUR	mio USD	
							(date operative DGTDP)				€ 13.281,86	\$ 2.886,89	
							Disp. conturi speciale EURO/USD la BNR				€ 275,00	\$ 185,79	
							FND (Recon sume valuta din ven.priv.)				€ 1.497,99	\$ 0,83	
							Imprumuturi de la IFI-uri (Art. 14 + balanta OUG 64/2				€ 19,40		
							Imprumut CE – SURE				€ 1.691,00		
							Prenfantare imprumut PNRR				€ 118,00		
							Transa I PNRR – prefinantare 13%				€ 133,49		
							Transa II PNRR – prefinantare 13%				€ 472,99		
							Transa I PNRR – 27 oct 2022				€ 893,35		
							Transa II PNRR – 29 sep 2023				€ 5.299,13	\$ 2.700,28	
							Emisiuni MTN				€ 591,90		
							Banca Mondiala – DPL				€ 1.979,46		
							Emisiuni MTN – Green Bond						

Navigation bar with tabs for different months and years: TSA Projection Iunie 2024, Situatie Iunie 2024, TSA Projection Iulie 2024, Situatie Iulie 2024, TSA Projection August 2024, Situatie August 2024, TSA Projection Septembrie 2024, Situatie Septembrie 2024, TSA Projection Octombrie 2024, Situatie Octombrie 2024, Analiza progn 2024

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Page information: Sheet 21 of 47, PageStyle_Situatie Octombrie 2024, Romanian (Romania), Average: 1.374,96; Sum: 1.374,96, 75%

Windows taskbar with various application icons and system tray showing date and time (16:11, 16.10.2024).

General Directorate for Management of Public Debt and Cash Flows of Treasury



2 Statement of Daily Cash Balances - Treasury Single Account 2024.xls - LibreOffice Calc

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N13 FX SAL = 364,97 mil euro / Pensii transa a-III-a luna octombrie = 8.577 mil lei / 1 cupon DBN / Plata contrib RO la bug UE = 0,62 mil lei

Forecast of Treasury Single Account (TSA) – October 2024													
-confidential-												Sold mediu	750,33
DATA	Initial balance of TSA	Receipts		Payments			Final balance of TSA without financing	Cash management operations		FX Operations	Final balance of TSA		
		Issues of state securities	Budgetary receipts	Repayments of state securities	Budgetary payments	Repayments of public debt (int + ext)		Deposits drawn from commercial banks	Deposit refunds				
marți	Tuesday, October 1, 2024	263,40		686,77	1.110,90	3,92	-164,65				198,06	33,41	FX SAL = 33 mil euro
miercuri	Wednesday, October 2, 2024	33,41	585,87	566,84	1.390,82	0,18	-204,88				241,53	36,65	FX SAL = 42 mil euro
joi	Thursday, October 3, 2024	36,65		512,47	1.012,04	49,01	-511,93				547,40	35,48	FX SAL = 110 mil euro
vineri	Friday, October 4, 2024	35,48		550,43	1.605,90	42,83	-1.531,66	1.600,00			31,94	100,29	Depo atras de la Ccc / F
luni	Monday, October 7, 2024	100,29	1.673,54	438,46	2.890,14	8,07	-685,92				706,68	20,75	FX SAL = 142 mil euro
marți	Tuesday, October 8, 2024	20,75		554,43	2.595,67	5,26	-2.025,75	2.100,00			63,92	138,18	Depo atras de la Btrl
miercuri	Wednesday, October 9, 2024	138,18	590,41	472,78	1.107,85	0,23	93,29				57,36	150,65	
joi	Thursday, October 10, 2024	150,65	0,0	693,82	3.530,32	0,18	-2.686,01	4.000,00			0,00	1.313,99	Operatiune exchange =
vineri	Friday, October 11, 2024	1.313,99		755,70	9.819,29	641,88	-8.391,48	7.150,00			1.849,64	607,17	FX SAL = 364,97 mil eu
luni	Monday, October 14, 2024	607,17	1.088,73	639,20	5.475,71	0,38	-3.140,99	2.700,00			469,40	28,41	FX SAL = 24 mil euro /
marți	Tuesday, October 15, 2024	28,41		821,49	3.767,01	126,36	-3.043,47	2.275,00			814,74	46,27	FX SAL = 157 mil euro
miercuri	Wednesday, October 16, 2024	46,27	2.284,91	800,00	1.124,71	7,92	1.998,56				33,00	2.031,55	3 emisiuni FIDELIS
joi	Thursday, October 17, 2024	2.031,55		850,00	1.623,54	0,00	1.258,01				0,00	1.258,01	
vineri	Friday, October 18, 2024	1.258,01		940,00	1.542,45	0,00	655,55				0,00	655,55	
luni	Monday, October 21, 2024	655,55	0,00	1.483,02	1.214,46	92,34	831,77				0,00	831,77	
marți	Tuesday, October 22, 2024	831,77		1.909,69	992,54	500,00	1.248,92				0,00	1.248,92	Plata contrib RO la bug
miercuri	Wednesday, October 23, 2024	1.248,92	0,00	3.006,36	808,27	31,10	2.498,48				0,00	2.498,48	Scadenta CTN
joi	Thursday, October 24, 2024	2.498,48		6.957,24	823,78	531,16	8.100,79				0,00	2.616,28	1 cupon DBN
vineri	Friday, October 25, 2024	2.616,28		17.437,63	1.085,52	465,59	18.502,81				0,00	8.778,09	Depo atras in 30 sept -
luni	Monday, October 28, 2024	8.778,09	0,00	2.746,89	3.146,28	1.981,89	6.396,82				0,00	431,03	Pensii transa 1 luna noi
marți	Tuesday, October 29, 2024	431,03		877,58	1.103,57	0,00	205,04				0,00	205,04	
miercuri	Wednesday, October 30, 2024	205,04	0,00	648,31	1.123,56	2.405,44	-2.675,65				0,00	-2.675,65	2 cupoane DBN
joi	Thursday, October 31, 2024	-2.675,65		650,88	1.105,68	2,39	-3.132,83				0,00	-3.132,83	
TOTAL								21.125,00		-21.175,01	5.012,67	4.343,69	FX SAL echilibrare sold (
ESTIMARI								19.825,00		50,01		668,98	FX alte institutii (MADR,)
01.10 – 04.10.2024		585,87	2.316,51	468,83	5.119,66	95,94							
07.10 – 11.10.2024		2.263,97	2.915,19	0,00	19.943,27	655,61							
14.10 – 18.10.2024		3.373,64	4.050,68	0,00	13.533,43	134,65							
21.10 – 25.10.2024		0,00	30.793,95	917,43	4.924,56	1.620,19							
28.10 – 31.10.2024		0,00	4.923,66	0,00	6.479,09	4.389,71							
Incasari & Plati Octombrie 2024		6.223,48	45.000,00	1.386,26	50.000,00	6.896,11							
							UE	500,62					
							Dat publica	6.395,49					
Sold cont CE la 30 sept 2024		1.972,17	mil lei										
Creditare cont CE pe 01 oct		1.016	mil lei		6.290	Inclusiv licitatia din data de 30 sept cu decontare 01 octombrie							
Creditare cont CE pe 21 oct		139	mil lei		45.000	exclusiv licitatia din data de 31 octom cu decontare 04 noiembrie							
Creditare cont CE pe XX oct			mil lei		50.000	exclusiv cele 3 licitatii Fidelis							
Debitare cont CE pe 11 oct			mil lei										
Debitare cont CE pe 22 oct (H		500	mil lei		-66,52								
							Emisiuni MTN	€ 4.638,91		\$ 2.700,28			
							Emisiuni MTN – Green Bond	€ 1.979,46					
							Banca Mondiala – DPL	€ 591,90					

TSA Projection Iunie 2024 Situatie Iunie 2024 TSA Projection Iulie 2024 Situatie Iulie 2024 TSA Projection August 2024 Situatie August 2024 TSA Projection Septembrie 2024 Situatie Septembrie 2024 TSA Projection Octombrie 2024 Situatie Octombrie 2024 Analiza progn 2024

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Sheet 21 of 48 PageStyle_Situatie Octombrie 2024 Romanian (Romania) Average: Sum: 0

Windows taskbar with icons for File Explorer, Firefox, LibreOffice, and other applications. System tray shows date 16:12 16.10.2024 and language ENG.



Characteristics of Treasury single account (TSA)

Financing of budget deficit

Electronic Payment System

Forecasting of TSA

Cash Management

FX Buffer policy

Cash Management Operations – General Current Account Deficit Administration

- The main instruments used for cash management purposes are the bilateral or multilateral deposits with commercial banks and/or foreign currency exchange operations.
- The decision to enter the market or exchange foreign currency is based on market dynamics, the volume of the general account deficit, as well as the distribution of the deficit over time and is taken by the management of the general directorate.
- The eligible counterparties involved in the activity of attracting deposits are financial institutions authorized by the National Bank of Romania, which have expressed their intention to carry out financial placements and which have trading limits in place with the ministry.
- In the case of funds raising through the bilateral procedure, the counterparties will be selected based on what best matches the interest shown by the Ministry, in terms of the amount, maturity and the level of returns (interest) targeted by counterparties in relation to the market level.
- The market level considered for trading by the Ministry is the ASK/OFFER quote for the maturity targeted as found on the Reuters/Refinitiv or Bloomberg system and which will be found on a witness page, printed from the system at the relevant time for trading, page that certifies the market level and which will be kept together with the documentation related to the established deposits.
- In the case of attracting funds through the multilateral auction procedure, it will be awarded at yield levels that fall within the level of the reference page, with a maximum deviation of 20% but not more than the credit facility offered by the BNR and within the limit the debit balance related to the period in question.
- In the case of foreign exchange transactions, the counterparty will be the National Bank of Romania.
- The supporting documents related to each transaction carried out are: the offer request issued by the MF to each counterparty, the offer of each counterparty and the confirmation of the partial or total award or rejection of that offer. These documents are printed in sets related to each transaction and filed according to the date of the transactions.
- Making placements through specific operations at credit institutions and other financial institutions authorized to carry out such operations, guaranteed by them with eligible assets, without being affected by the objectives of the monetary policy adopted by the National Bank of Romania. At the moment, such operations are not carried out.



Characteristics of Treasury single account (TSA)

Financing of budget deficit

Electronic Payment System

Forecasting of TSA

Cash Management

FX Buffer policy

Hard currency accounts and hard currency buffer - EURO, USD, GBP, CHF, JPY.

- The operations of receipts and payments in foreign currency of the Ministry of Finance can be carried out through current accounts in foreign currency opened at the National Bank of Romania or through corresponding accounts in foreign currency opened at credit institutions, based on agreements concluded between the parties. The selection of credit institutions is carried out by tender.
- All foreign currency accounts of the Ministry of Finance **are opened at the National Bank of Romania.**
- The advantages of keeping foreign currency accounts at the NBR: **minimal (zero) credit risk**, consolidation of the NBR's foreign exchange reserves, a partial hedge on the external public debt service in the sense that the buffer is kept in a currency structure that allows the honoring external payment peaks (eurobonds), considering a time horizon of at least 4 months
- Moreover, there is a buffer policy, in the sense of ensuring a **buffer to cover 4 months of gross financing needs**, precisely with the idea of being able to cover a period of time in which, for example, due to market volatility, the MF it would not have favorable conditions for proper issuance/financing and the MF in RO has somewhat of a specific cash buffer policy, most countries preferring to maintain this reserve in the national currency. The level of the buffer in foreign currency is not publicly communicated, considering the impact of a communication in the context where the inputs and outputs from the buffer can be very large and the market could try to speculate on a certain position of the MF from the perspective of the cash buffer.
- The disadvantage of keeping foreign currency accounts at the NBR is their **low remuneration.**
- Interest is credited for the availability of the current account in foreign currency administered by the Ministry of Public Finance, kept at the National Bank of Romania. **The EONIA interest** (calculated and published daily by the ECB) is credited for the account balance in EURO, and the **"FED funds rate"** interest is credited for the USD account balance.
- Availability in foreign currency can be used directly by the Ministry of Finance through placements with credit institutions or financial institutions - but this policy has not been implemented.
- Public institutions **can carry out the operations of receipts and payments in foreign currency** through accounts opened at credit institutions selected by them through an auction, based on the legislation in force.



Thank you!

