On the basis of and pursuant to Article 43, letter “f” of Law No. 8269, dated 23.12.1997 “On the Bank of Albania”, as amended; and the Statute of the Bank of Albania, amended upon the proposal of the Monetary Operations Department, the Supervisory Council of the Bank of Albania,

**DECIDED:**

1. To approve the Guideline “On the manner of calculating the foreign exchange fix of the Lek at the Bank of Albania”, as attached.

2. Monetary Operations Department and other structures at the Bank of Albania shall be responsible for the implementation of this decision.

3. Foreign Relations, European Integration and Communication Department shall be responsible for publishing this decision in the Official Bulletin of the Bank of Albania.

4. This decision shall enter into force on the day of its publication in the Official Bulletin of the Bank of Albania.

5. Upon the entry into force of this decision, Decision No. 71, dated 31.08.2005 of the Supervisory Council of the Bank of Albania, shall be abrogated.

**SECRETARY**

Ylli Memisha

**CHAIRMAN**

Ardian Fullani
GUIDELINE

“ON THE MANNER OF CALCULATING THE FOREIGN EXCHANGE FIX OF THE LEK AT THE BANK OF ALBANIA”

Article 1

Legal and regulatory basis

This Guideline is based on Articles 59 and 60 of Law No. 8269, dated 23.12.1997 “On the Bank of Albania, as amended, and Regulation of the Monetary Operations Department of the Bank of Albania.

Article 2

Purpose

The purpose of this Guideline is to establish the manner of calculating the “fix” for purposes of obtaining a single foreign exchange rate reference for the lek, which can be later used by the interested persons for statistical, comparative, accounting, rating and trading purposes.

Article 3

Definitions

3.1 The fix is the official exchange rate of some foreign currencies against the lek, which is represented by a single rate and is published by the Bank of Albania.

3.2 Participants in the fix are commercial banks and foreign exchange bureaus, which offer buy and sell exchange rates of the euro and the U.S. dollar against the lek, on the basis of which is calculated the fix of the euro and the U.S. dollar against the lek.

3.3 The reference currency is the currency whose fix rate is directly calculated from quotations of participants in the fix process. The fix rate of this currency also serves to calculate the fix exchange rate for other currencies included in the fix.
Article 4

Participants in the process

4.1 The “fix” process shall include no fewer than 6 participant commercial banks, which operate within the country and whose volume of transactions accounts for no less than 60 per cent of the total volume of the interbank market. The “fix” process shall also include 4 foreign exchange bureaus operating in the city of Tirana, according to the selection made by the Monetary Operations Department on the basis of the trading volume and frequency of reporting of foreign exchange transactions. Participation in the “fix” process does not grant the participants any favours. In this case, the obligations relate to the punctuality in the submission of the required data to the Bank of Albania, in due time and in the manner specified below. The Bank of Albania revises the list of selected participants at least once a year.

4.2 If banks or foreign exchange bureaus, which are participants in the fix process in accordance with the criteria in paragraph 4.1, do not provide the necessary information to the Bank of Albania, the latter shall establish the fix based on information provided by no fewer than 3 banks, which account for at least 30 per cent of the interbank market.

4.3 If the participants in the fix process do not provide the necessary information to the Bank of Albania in accordance with paragraph 1 and 2, the established official exchange rate shall be similar to the previous business day.

Article 5

Communication

5.1 Commercial banks shall communicate the exchange rates of the U.S. dollar and the euro through their Reuters sites. Should the commercial banks fail to communicate the exchange rates for technical reasons, they shall communicate the rates via Reuters Dealing, fax, electronic mail or phone. The foreign exchange bureaus shall be contacted by phone.

5.2 After being notified in writing by the Monetary Operations Department that they will be participants in the fix establishment process, the commercial banks shall be obliged to enter the latest data on lek’s exchange rate against major currencies into their Reuters sites, at the time interval established for the calculation of the “fix”.

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1 In cases when commercial banks communicate the exchange rates by phone, the rates shall be later confirmed via fax as soon as this becomes possible.
Article 6

Calculation time of the foreign exchange fix

The foreign exchange fix shall be calculated every business day by the Monetary Operations Department foreign exchange expert. The calculation procedure starts at 11.30 a.m.

Article 7

Receipt of information

7.1 Starting from 11.30 a.m., the foreign exchange expert ensures that the commercial banks have presented at their Reuters site the latest exchange rate of the lek against the U.S. dollar and the euro at which they are willing to trade in the interbank market. The exchange rate shall contain the buy and sell rates.

7.2 Should the foreign exchange expert notice any non-compliance with the requirements under this Guideline for the communication of data, he/she shall contact the participant entity/-ies for the receipt of data (by asking them to enter the data into the respective site or their submission via Reuters dealing, e-mail or fax). The cases of non-compliance with the requirements under this Guideline for the communication of data shall be recorded every day and in case of repetition by a given participant, the foreign exchange expert shall notify the heads of the Monetary Operations and Supervision Departments at the Bank of Albania thereof, who may decide on the exclusion of the entity from the list of selected participants and its substitution with another entity.

7.3 Starting from 11.30 a.m., the foreign exchange expert contacts the foreign exchange bureaus by phone and receives the exchange rate of the lek against the U.S. dollar and the euro that they declare they have displayed in their bureaus.

7.4 The exchange rates of the U.S. dollar and the euro against the lek of each bank, and the exchange rates of currencies listed in Article 8, paragraphs 4 and 5 of this Guideline against the U.S. dollar are obtained from a Reuters software, which automatically records these rates between 11:30-12.00 a.m.

Article 8

Processing of information

2 The foreign exchange expert shall identify the validity date of the exchange rates.
3 Director and Deputy Director.
8.1 The U.S. dollar is the reference currency. Based on the exchange rates of other currencies, except for the monetary unit of the European Monetary Union (euro), the exchange rate of the lek against other currencies is calculated using the reference currency in the international market.

8.2 Upon receipt of information, the foreign exchange expert shall enter the data into the relevant software, which ranks the exchange rates in descending order. After excluding the two lowest and highest exchange rates of the U.S. dollar and the euro against the lek, the foreign exchange expert shall calculate the average rate of quotations left for the two currencies. The derived rates represent the foreign exchange “fix” of the lek against the U.S. dollar and the euro.

8.3 Once the foreign exchange “fix” of the lek against the reference currency is derived as described above, the foreign exchange expert shall calculate the exchange rates of the lek against other currencies, on the basis of their exchange rates against the U.S. dollar in the international market at the moment when the “fix” is calculated.

8.4 The “fix” for the following currencies shall be calculated every day: U.S. Dollar, Euro, Japanese Yen, British Pound Sterling, Swiss Franc, Australian Dollar, Canadian Dollar, Swedish Krona, Norwegian Krone, Danish Krone and the monetary unit of the International Monetary Fund. The “fix” for the following precious metals shall be calculated every day: gold (per 1 ounce) and silver (per 1 ounce).

8.5 Twice a month, on the mid-month day and the last business day of each month, the “fix” for the following currencies shall be calculated: Turkish Lira, Bulgarian Lev, Chinese Yuan, Slovenian Tolar, Hungarian Forint, Russian Rouble, Croatian Kuna, Czech Koruna and Macedonian Denar. The exchange rate of the U.S. dollar against the lek shall be used as a reference currency for the calculation of the official exchange rate of all currencies referred to in this paragraph.

8.6 If deemed necessary as a result of developments in the domestic foreign exchange market, the currencies for which the “fix” is calculated on a daily, or less frequent, basis, may be added or reduced. The proposal for adding or reducing the currencies shall be made by the Monetary Operations Department and approved by the Responsible Administrator.

**Article 9**

Publication and announcement of the “fix”
9.1 Upon the termination of the official exchange rate calculation process, at around 12:00 a.m., the foreign exchange expert shall enter the new “fix” data into Bank of Albania’s Reuters site, Bank of Albania’s website and the automatic system used at the Bank of Albania. Should the foreign exchange expert fail to enter the data for technical reasons, the information shall be provided via phone, fax or electronic mail. The foreign exchange expert shall also submit these data to the interested departments within the Bank of Albania.

9.2 The natural and juridical persons may be informed of the official exchange rate through Bank of Albania’s website or by contacting the Bank of Albania in writing. The Bank of Albania shall provide information on the exchange rate in writing, through an official document recorded by type of information, which is issued by:
   a) The Monetary Operations Department if the requested information relates to daily exchange rates of foreign currencies against the Lek.
   b) The Statistics Department if the requested information relates to processed indicators, such as: monthly and quarterly averages.

Article 10

Storage and archiving

The foreign exchange expert at the Monetary Operations Department shall store the data on each process of the “fix” (Reuters sites and conversations, e-mails, etc.) in physical form, in addition to the electronic form. They shall be periodically submitted to the archive conform to Bank of Albania rules on paper document archiving. In any case, the foreign exchange expert shall ensure that each “fix” calculation paper is signed by him/her and one of the heads of the department.

Article 11

Entry into force

This Guideline shall enter into force on the day of its publication in the Official Bulletin of the Bank of Albania.

Chairman of the Supervisory Council

Ardian Fullani