

**BANK OF ALBANIA
SUPERVISORY COUNCIL**

**REGULATION ON
THE DEPOSIT FACILITY**

Article 1

The deposit facility can be used by the commercial bank as a short term investing instrument to make overnight deposits with the central bank. It aims at regulating the liquidity level and stabilizing the market interest rates.

Article 2

The counterparties eligible to use the deposit facility are the commercial banks and commercial bank branches that have an account within Bank of Albania.

Article 3

There is no limit to the amount a commercial bank may deposit under the overnight deposit facility.

Bank of Albania, in accordance with its targets, can reject the request of the commercial bank to use the deposit facility, providing no further explanations.

Article 4

(1) The interest rate of the deposit facility provides a floor for the overnight market interest rates.

(2) The interest rate of the overnight deposit facility is 1.75 percent, on annual basis, lower than the Repo rate decided and approved by the Bank of Albania Supervisory Council.

(3) Bank of Albania informs the commercial banks on any change applied to the interest rate.

Article 5

(1) The commercial bank deposits its funds under the overnight deposit facility by transferring its funds with Bank of Albania through the Real Time Gross Settlement System (RTGS).

(2) Bank of Albania accepts overnight deposits from the commercial banks 15 minutes before the final cut-off of the payment system as settled in the regulation "Rules and Procedures of the Albanian Interbank Payment System – AIPS"

(3) The next operating day of the payment system (AIPS), Bank of Albania transfers to the respective bank account the amount of the outstanding deposit and the interest in the time settled in the regulation "Rules and Procedures of the Albanian Interbank Payment System – AIPS"

Article 6

This regulation is approved by the Supervisory Council, decision no.59, date 13.07.2005. This regulation is effective with the publication in the Bank of Albania Official Bulletin.

Article 7

With the approval of this regulation, the regulation on "The Deposit Facility" approved by the Supervisory Council, decision no.08, date 07.02.2001, will no longer be effective.