

BANK OF ALBANIA
SUPERVISORY COUNCIL

REGULATION ON
THE MARGINAL LENDING FACILITY

Article 1

The marginal lending facility is a short-term debt-instrument that can be used by the commercial banks. It is a fully guaranteed loan aiming at injecting liquidity in the banking system and supporting the control of the short-term interest rates.

Article 2

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

Article 3

(1) The commercial banks facing a liquidity shortage, deposit to the Bank of Albania the request to use the marginal lending facility. The request is delivered by means of an official note, by fax, Swift or Reuters.

(2) Bank of Albania extends automatically the overnight loan in all the occasions described in the regulation on the "Intra-day Credit" approved by the Supervisory Council, decision no.20, date 24.03.2004.

(3) Bank of Albania, in accordance with its targets, can reject the request of the commercial bank to use the marginal lending facility, providing no further explanations.

Article 4

The overnight loan is guaranteed according to the rules and procedures enclosed in the regulation on "The Guarantees of the Bank of Albania Lending Operations", approved by the Supervisory Council, decision no.107, date 24.12.2003.

Article 5

(1) The interest rate of the marginal lending facility serves as a ceiling for the overnight market interest rates.

(2) The interest rate of the marginal lending facility is 75 percent, on annual basis, higher 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 6

(1) Bank of Albania extends the overnight loan automatically or after receiving the request from the commercial banks by transferring the funds to the respective bank account.

(2) The next operating day of the payment system (AIPS), the commercial bank repays the loan and the interest by transferring the funds in the time settled in the regulation "Rules and Procedures of the Albanian Interbank Payment System – AIPS"

(3) In any occasion of exercising the marginal lending facility, the Monetary Operation Department notifies the Supervision Department.

Article 7

In case the commercial bank fails to repay the overnight loan, then the rules and procedures on guaranteeing the lending operations of Bank of Albania find immediate and unconditional application.

Article 8

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 9

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