

**SUPERINTENDENCY OF BANKS
REPUBLIC OF PANAMA**

GENERAL RESOLUTION No. S.B. 02-2002
(dated July 18, 2002)

THE SUPERINTENDENT OF BANKS
empowered by legal faculties, and

WHEREAS:

Article 27 Of Law No. 6 dated January 22, 2002, which reads "Standards for the Transparency in Government Operations, establishes the Habeas Data and other provisions", provides that "within a period of less than six months, starting on the day on which said Law entered in force, every Government agency or department, including those belonging to the Executive, Legislative and Judicial Branches, decentralized, autonomous and semi-autonomous entities, municipalities, local governments and community boards--if they not have them now--will prepare and order the publication, in the Official Gazette of their respective Codes of Ethics for the correct exercise of Government functions";

Besides constituting an express legal mandate, the SUPERINTENDENT OF BANKS considers it necessary and advisable to compile in an organized and systematic document, the ethic values and principles that the SUPERINTENDENCY OF BANKS officials should observe in their functions.

Referent legal excerpt mentioned in the first paragraph specifies that said Codes of Ethics shall be compiled by the Ombudsman's Office (Defensoria del Pueblo), after duly being approved by each of the corresponding institutions;

According to Article 13 of Decree Law No. 9 of 1998, the Superintendent shall be in charge of the administration and handling of the daily tasks of the Superintendency; and, according to Numeral 33 of Article 17 the SUPERINTENDENCY OF BANKS must resolve everything that is not expressly reserved to the Board of Directors or another authority,

RESOLVES:

FIRST ARTICLE. The following Code of Ethics of the SUPERINTENDENCY OF BANKS, applicable to government officials, is to be approved and adopted:

**CODE OF ETHICS OF THE SUPERINTENDENCY OF BANKS FOR PUBLIC
SERVERS**

Title I

DEFINITIONS, SCOPE OF APPLICATION AND PRINCIPLES

CHAPTER I

DEFINITIONS AND SCOPE OF APPLICATION

Article 1: Definitions: For the effects of the application and interpretation of this Code of Ethics, the following terms are defined as:

1. Code of Ethics: Set of mandatory principles and standards with helpful recommendations to members of an organization to act correctly.

2. Ethics: Set of rules, principles and models of conduct corresponding to correction and rationality criteria identified with a code of good government.
3. Public Functions For the effects of the present code, “public functions” is understood to mean all temporary or permanent activity, remunerated or honorary, carried out by the SUPERINTENDENCY OF BANKS.
4. Public Server: For the effects of this Code, is the person appointed temporarily or permanently to perform a position in the SUPERINTENDENCY OF BANKS, remunerated or not.
5. Regulated Persons: Individuals or corporations who are engaged in Banking Activities in or from Panama and offices of representatives, as well as individuals or corporations holding fiduciary licenses.
6. Interested Persons: For the effects of applying the standards contained in this Code is, any person or entity, who directly or indirectly is or will be supervised by the Superintendency of Banks or furnish or will furnish assets or services to the Superintendency of Banks, as well as users of the banking system.

Article 2: Scope of Application

The public server of the Superintendency of Banks must respect and fulfill the present Code in his professional behavior.

Any person who agrees to fulfill a position in this Superintendency of Banks through appointment or contract, remunerated or not, will immediately be subject to the fulfillment provisions and procedures established in the present Code.

Chapter II

GENERAL PRINCIPLES

Article 3: Probity

The public server of the Superintendency of Banks must act correctly and honestly, trying to satisfy the general interest without obtaining personal profits or advantages, obtained by himself or through someone else. He is also bound to observe an honest conduct.

Article 4: Prudence:

The public server of the Superintendency of Banks must act with a full knowledge of matters submitted for his consideration, with this same diligence as a good administrator would use for his own assets. The exercising of the public function in the Superintendency of Banks should inspire confidence in the regulated persons and the public in general. Equally, he must avoid actions that might endanger the objective of the public function, of the Superintendency of Banks' patrimony or the image that society should have of its servers.

Article 5: Justice

The public server of the Superintendency of Banks must have a permanent vocation for the fulfillment of his functions, granting each one his due, in his relations with the government, as well as the public, his superiors and subordinates.

Article 6: Temperance

The public server of the Superintendency of Banks must carry out his functions with respect and sobriety; using the prerogatives inherent to his position and the means he has available for the fulfillment of his functions and duties only.

Article 7: Qualification

Qualification, understood as a technical or non-technical ability in the case of those public servers who occupy positions that do not require special technical preparation, is an essential condition to access and exercise the public function.

Article 8: Responsibility

The public server of the Superintendency of Banks must comply faithfully with his duties.

Article 9: Obedience

The public server of the Superintendency of Banks must comply with orders issued by his superior, to the extent in which they meet the formalities of the case and are aimed at the carrying out service acts linked to the functions of his position, except supposed manifest arbitrariness or illegality. This superior mandate does not exempt the responsibility of the official who commits a manifest violation of a constitutional or legal precept.

Article 10: Independence of Criteria

The public server of the Superintendency of Banks must not become involved in situations, activities or interests incompatible with his functions. He must abstain from any conduct that might affect his independence of criteria for the performance of his functions.

**CHAPTER III
PARTICULAR PRINCIPLES**

Article 11: Aptitude

Anyone appointed public server of the Superintendency of Banks must prove his qualification for the position. No one should accept an appointment to a position for which he is not qualified.

Article 12: Training

The public server of the Superintendency of Banks should be trained for the best performance of the functions inherent to his position, as determined by the standards regulating the service or ordered by the competent authorities.

Article 13: Legality

The public server of the Superintendency of Banks must be familiar with the laws and rules of the Superintendency of Banks regulating his activity and may not invoke his ignorance to justify the non-fulfillment of those activities.

Article 14: Evaluation

The public server of the Superintendency of Banks must evaluate the background, motives and consequences of the acts he must generate or execute in his position.

Article 15: Veracity

The public server of the Superintendency of Banks is bound to be truthful in his functions, with individuals as well as with his superiors and subordinates, and to contribute to the clarification of the truth.

Article 16: Discretion

The public server of the Superintendency of Banks must be reserved regarding events or information he has obtained through, or because of, the exercise of his functions, without detriment to the duties and responsibilities corresponding to him by virtue of standards regulating confidentiality. The foregoing is without detriment to the duties and responsibilities of confidentiality contained in decree law of No.9 of 1998.

Article 17: Transparency

The conduct of the public server of the Superintendency of Banks must be ruled by lofty principles of transparency complying always with the reserve and confidentiality that they may exercise whenever necessary, covered by the law and regulations covering this matter.

Article 18: Equality

The use of criteria of equality to adequate the legal solution to a more just result should never be exercised against the objectives promoted by the laws.

Article 19: Equal Treatment

The public server of the Superintendency of Banks should not carry out discriminatory acts in his relations with the public or with the entities regulated by the Superintendency of Banks. He must grant everyone equal treatment in equal situations. It is understood that there is an equality of situation when there are no differences, except those permitted by existing standards. This principle also applies to relations that the public server maintains with his fellows workers.

Article 20: Proper exercise of the position

The proper performance of the position involves the fulfillment of the present Code, as well as actions aimed at the obedience of his subordinates.

The public server of the Superintendency of Banks, through the use of his position authority, influence or appearance or influence, must not obtain nor seek undeserved benefits or advantages for himself or for others.

Equally, because of, or on occasion of the exercise of his function, he must not take reprisals of any kind or exercise any coercion against public servers or other people, not derived from the strict fulfillments of his position.

Article 21: Accumulation of positions

The public server of the Superintendency of Banks, who fulfills a full-time position in the Superintendency of Banks, shall not fulfill any other remunerated national, provincial or local position without detriment to the exceptions established and regulated by special regimes.

Article 22: Proper use of the Superintendency of Banks' assets

The public server of the Superintendency of Banks must protect and preserve the Superintendency of Banks' assets. He must use whichever assets are assigned to him for the fulfillment of his functions in a rational manner, avoiding abuse, squandering or misuse.

Neither may he use the assets or allow others to use them for particular ends or purposes alien to those for which they were specifically assigned. Activities, which because protocol reasons the official must carry outside the area or hours in which he performs his duties, will not be considered as for particular ends.

Article 23: Proper use of working hours

The public server of the Superintendency of Banks must use official time in a responsible effort to fulfill his duties. He must fulfill his functions efficiently and productively and ensure that his subordinates act in the same manners. He must not promote, demand or request his subordinates to use official time to carry out activities besides those required for the fulfillment of the duties of his position.

The public server of the Superintendency of Banks shall not perform services of any kind to the institutions regulated by Superintendency of Banks in his spare time, much less during the paid working hours.

Article 24: Collaboration.

In view of extraordinary situations, the public server of the Superintendency of Banks must perform those tasks, which because their nature or type are not strictly inherent to his position, provided they are necessary for mitigating, neutralizer or overcome the difficulties the institution is facing.

Article 25: Use of Information.

The public server of the Superintendency of Banks must abstain from revealing any information classified as confidential or reserved according to the existing provisions of the Superintendency of Banks. He must not use, for his own benefit or for the benefit of third parties or for ends other than the service, information that he has obtained because of, or on occasion of the exercise of his functions and which is not destined to the public in general.

He must not be a means of revealing false or biased or inadequate information.

Article 26: Obligation of notifying irregularities to the authorities.

The public server of the Superintendency of Banks must notify to his immediate superior acts that he has known because of, or on the occasion of his functions and, which, in his opinion, might harm the Superintendency of Banks or constitute a crime or violations of any provisions contained in the present Code.

The immediate superior will compile all the data leading to, or if he discovers that a crime has been committed of those in which must be prosecuted legally, he must notify the competent authorities, for them to prosecute the guilty party or parties.

Article 27 Dignity and Decorum.

The public server of the Superintendency of Banks must observe a worthy and proper conduct, acting with sobriety and moderation. In his dealings with public and with other officials, he must always behave respectfully and correctly.

This decorum shall also apply to his clothing, which must always reflect the sobriety imposed by his position.

Article 28. Honor.

The public server of the Superintendency of Banks, who is accused of committing a crime, must cooperate in the investigation and implement the administrative and judicial measures necessary to clarify the situation to clear his honor and the dignity of his position.

Article 29. Tolerance.

The public server of the Superintendency of Banks must observe, in view of criticism by the public and the press, a degree of tolerance superior to that which could reasonably be expected of a common citizen.

Article 30. Balance.

The public server of the Superintendency of Banks must act with common sense and be practical in the performance of his duties.

TITLE II

STANDARDS OF CONDUCT IN VIEW OF GENERAL PRINCIPLES

Article 31. The standards of conduct that public servers of the Superintendency of Banks should adjust to in the performance of their duties, as per GENERAL PRINCIPLES AND SPECIAL PRINCIPLES SPECIFIED IN the FIRST TITLE, are classified as:

1. Ethical standards of behavior.
2. Standards that impose restrictions regarding the use of available information.

CHAPTER I REGARDING ETHICAL STANDARDS OF BEHAVIOR

Article 32. Regarding proper behavior: The public server of the SUPERINTENDENCY OF BANKS should:

1. Carry out the functions attributed to him with absolute respect of the Law, impartially and objectively, following instructions received from his respective superiors. When an official of the Superintendency of Banks considers that an order or instruction received does not conform to legal provisions or regulations of application, he must inform his superior (from whom he received it) in writing, before carrying it out. If the latter ratifies the order in writing, he will obey it, being exempt of any disciplinary responsibility. However, the superior order does not exempt the responsibility of the official who carries out a manifest violation of a constitutional or legal precept.
2. Present sworn declaration of his securities or assets at the moment of taking or relinquishing office, if he is exercising the position of Director, Secretary General and Superintendent of Banks or any other official that he Superintendent of Banks determines, at the moment he is contracted.

3. To promote, through his behavior, equal opportunities of all regulated personnel in general, at the same time, respecting the integrity of the banking system.
4. Respect, at the moment of acting, the order in which dispatches were received, provided they homogenous.
5. Collaborate diligently in evaluating processes and duly take advantage of all courses and activities included in the development plans.
6. Declare himself not qualified in all those cases which might present conflict of interest.

It is understood that conflict of interests exist when there is:

- a. Personal interests in the matter at hand, or in another matter whose resolution might influence the former.
- b. A pending legal process with any interested party.
- c. Consanguinity within the second degree or affinity within the first degree with any of the interested parties, with executives of banking or trust entities and also with the advisors, legal representatives or managers who intervene in the process in question.
- d. Opinion previously handed down by an expert or witness in the process in question.
- e. Any other circumstance that compromises the will of the official of the Superintendency of Banks.

To safeguard the due independence that must be displayed in the face of third parties, the public server of the Superintendency of Banks must inform his immediate superior of those circumstances that might affect his independent behavior. He could order the persons in whom the afore-mentioned circumstances are evident to abstain from any intervention in the actions being carried out.

Article 33. Improper Conduct. According to the previous standards, the public server of the Superintendency of Banks should never:

- a. Favor any interested party, whenever it may result in detriment to others, or to the Superintendency of Banks.
- b. To request or accept any present, favor, loan, service or any other economic favor in conditions especially advantageous from any interested party, provided it has a significant character, in a manner that might compromise the ethical principles contained herein.

Exceptions to the prohibition established in the present section:

b.1 The protocol acknowledgments received from governments, international organizations or non-profit entities, in the conditions under which the Law or official custom admit those benefits.

b.2 Traveling expenses and lodging received from governments, teaching institutions or non-profit entities, for dictating conferences, courses or academic-cultural activities, or participation in same, provided it does not result incompatible with the functions of the position or prohibited by especial norms.

b.3 Presents or benefits, which because of their petty value, according to the circumstances, cannot reasonably be considered as a means tending to affect the proper will of the public server.

Any doubt an official may have regarding the acceptances or refusal of a determined present or invitation, must be consulted with his immediate superior.

- c. Appoint relatives, solely for that reason, to work in the Superintendency of Banks.
- d. To negotiate or accept an offer of employment made by a person or private entity undergoing actions or concrete procedures of verification, authorization, prudential supervision, inspection or sanction in which he is participating, until said actions have been completed. To safeguard the independence that should rule his behavior, the public server of the Superintendency of Banks must notify his immediate superior of any offer from any interested party when these circumstances coincide, as soon as they occur. In this case, and before ending his relation with the Superintendency of Banks the person in question could be appointed to render different services, within the Superintendency of Banks so that during the course of the period of advance notice he does not have access to procedures or actions of the Superintendency of Banks that might compromise his impartiality.
- e. To act, through another person, to obtain a certain benefit from the Superintendency of Banks.

CHAPTER II STANDARDS THAT IMPOSE RESTRICTIONS REGARDING THE USE OF AVAILABLE INFORMATION

Article 34: Professional Secret: The information obtained by the public server of the Superintendency of Banks in the exercise of his functions shall be subject to professional secret and may not be revealed or communicated to any person or authority unless it is a competent authority and following the corresponding instances.

The obligation to reserve that affect said information shall subsist even when the public server of the Superintendency of Banks is no longer working in said Superintendency of Banks.

Article 35: Privileged Information: The public server of the Superintendency of Banks is bound to maintain strict secrecy regarding all information regarded as privileged, according to Article 84 of Decree Law No.9 of 1998, Agreements 2-70 and 6-73 of the National Banking Commission (currently Superintendency of Banks) and about any other information the Superintendency of Banks classifies as privileged.

TITLE IV DICIPINARY REGIME

Article 36: Non-fulfillment of the standards of conduct.

The respect of standards of conduct contained in the present Code will be considered part of the obligations assumed by the public server of the Superintendency of Banks in his appointments and respective employment contracts. Any violation of this standard shall be penalized according to Article 137 of Decree Law No.9 of 1998 and

the Internal Work Regulation, whenever their application proceeds, without detriment to the administrative and penal responsibilities that said non-fulfillment may cause.

Because of its special importance regarding the functions performed by the public server of the Superintendency of Banks, this Code refers expressly to the penal responsibilities derived from the disloyalty in the custody of documents and use of privileged information (Article 4 and 8 of Law No.42 of October 2, 2000; Article 166 and following Articles and Articles 335 and 337of the Panama Legal Code).

Article 37: The standards of the Code of Ethics of the Superintendency of Banks are applied as a supplement the Internal Regulation of the Superintendency of Banks.

Article 38: The present General Resolution shall be in force from the day of its enactment in the Official Gazette.

Issued in the City of Panama on the eighteenth (18th) day of the month of July of the year two thousand two (2002).

TO BE PUBLISHED AND COMPLIED WITH

Delia Cardenas
Superintendent