

Republic of Panama Superintendency of Banks

RULE No. 011-2014
(dated 14 October 2014)

“Whereby Article 24 and Article 28 of Rule 7-2011 are rescinded and amended, respectively”

THE BOARD OF DIRECTORS
In use of its legal powers, and

CONSIDERING:

That due to the issuance of Decree Law 2 dated 22 February 2008, the Executive Branch reedited Decree Law 9 dated 26 February 1998 and all of its amendments as a sole text, and that this text was approved by means of Executive Decree 52 dated 30 April 2008, hereinafter referred to as the Banking Law;

That pursuant to the provisions of paragraphs 1 and 2 of Article 5 of the Banking Law, safeguarding the soundness and efficiency of the banking system and strengthening and fostering auspicious conditions for the development of the Republic of Panama as an international financial center are objectives of the Superintendency of Banks;

That pursuant to the provisions of subparagraph 5 of Article 11 of the Banking Law, approving the administrative interpretation and scope of the legal provisions and regulations on banking matters is among the technical duties of the Board of Directors;

That by means of Rule 7-2011 dated 20 December 2011 the Superintendency established guidelines for Operational risk management;

That Article 24 of Rule 7-2011 provides that each bank will require its external auditors to provide a report on the operational risk management applied by the bank based on the provisions herein;

That by means of Rule 2-2013 dated 29 January 2013, the Superintendency extended the period established in Article 7-2011 for the submittal of the annual report on the main aspects and results of the bank's operational risk management;

That during the Board of Directors' working sessions it became obvious that it was necessary and advisable to rescind the provisions of Article 24 of Rule 7-2011;

That this decision stems from the fact that the Superintendency has a specialized technical unit assessing that management;

That it was also deemed advisable to amend the deadline established in Article 28 of the aforementioned Rule.

RESOLVES:

ARTICLE 1. To rescind Article 24 of Rule 7-2011 on the external audit report.

ARTICLE 2. Article 28 of Rule 7-2011 shall read:

TRANSLATION

ARTICLE 28.- REPORTING REQUIREMENTS. Banks shall submit an annual report containing the main points and the results of their operational risk management program to the Superintendency no later than 31 January of each year.

In addition, banks must submit a report on the events and incidents contained within the “databases” referred to in Article 23 herein by electronic means and in the manner and frequency the Superintendency may establish..

Banks must ensure that the annual report referred to in the first paragraph of this Article, includes the parameters contained in the rules the Superintendency provides in further developing this reporting requirement.

ARTICLE 3. REPEAL. With the enactment of this Rule, Rule 2-2013 dated 29 January 2013, which modified Article 28 of Rule 7-2011, is rescinded.

ARTICLE 4. ENACTMENT. This Rule shall become effective on 1 February 2015.

Given in the city of Panama on the fourteenth (14th) day of October, two thousand fourteen (2014).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE CHAIRMAN,

THE SECRETARY,

L.J. Montague Belanger

Luis Alberto La Rocca