

# TRANSLATION

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## Republic of Panama Superintendency of Banks

**RULE No. 5-2014**  
(dated 22 July 2014)

**“Whereby subparagraph 7, paragraph d of Article 2 of Rule 5-2011 on  
Corporate Governance is amended”**

**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 favorable conditions for the development of the Republic of Panama as an international financial center are objectives of the Superintendency of Banks;

That according to subparagraph 5, paragraph I of Article 11 of the Banking Law, establishing the administrative interpretation and scope of the legal provisions and regulations on banking matters is a technical duty of the Board of Directors;

That the Superintendency updated the provisions on Corporate Governance by means of Rule 5-2011;

That Article 2 of Rule 5-2011 defines the parameters applicable to independent directors;

That subparagraph 7, paragraph d of Article 2 of Rule 5-2011 states that “independent director” shall be understood as that member of the board of directors of the bank that is not a relative, within the fourth degree of consanguinity or second degree of affinity, of any person that is, or has been during the last two years, employed as an executive officer of the bank, of any entity that is member to its banking group, or of any of its nonbanking affiliates;

That by means of General Resolution SBP-JD-0036-2012 dated 10 July 2012, “executive officer” is defined as any person holding a position in “Senior Management or Top Management” as defined in paragraph c of Article 2 of Rule 5-2011;

That during the Board of Directors’ working sessions it became obvious that it was necessary and advisable to modify subparagraph 7, paragraph d of Article 2 of Rule 5-2011.

### **RESOLVES:**

**ARTICLE 1.** Subparagraph 7, paragraph d of Article 2 of Rule 5-2011 will read:

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**ARTICLE 2. DEFINITIONS.** For the purposes of this Rule, the following terms will be understood as follows:

...

d. **Independent Director.** “independent director” shall be understood to be that member of the board of directors of the bank that:

...

7. Is not a relative, up to the fourth degree of consanguinity or second degree of affinity, of a person that (1) is or has been employed during the last two years as an executive officer of the bank, of any entity that is a member of its banking group, or of any of its nonbanking affiliates; or (2) is or has been during the last two years, a member of the board of directors of the bank, of any entity that is a member of its banking group, or of any of its nonbanking affiliates.

...

**ARTICLE 2.** This Rule shall become effective upon its promulgation.

Given in the city of Panama on the twenty-second (22<sup>nd</sup>) day of July, two thousand fourteen (2014).

**FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.**

**THE CHAIRMAN,**

**THE SECRETARY,**

L.J. Montague Belanger

Luis Alberto La Rocca