

## Republic of Panama Superintendency of Banks

**RULE N°. 8-2019  
(dated 13 August 2019)**

**“Whereby Article 11-A is added to Rule 5-2015 that updates Corporate Governance provisions”**

**THE BOARD OF DIRECTORS**  
in use of its legal powers and,

### **WHEREAS:**

Due to the issuance of Decree Law 2 dated 22 February 2008, the Executive Branch re-edited Decree Law 9 dated 26 February 1998 and all its amendments as a consolidated text, and this text was approved by means of Executive Decree 52 dated 30 April 2008, hereinafter referred to as the Banking Law;

Pursuant to 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;

In accordance with paragraph 5 of Article 11 of the Banking Law, establishing the administrative interpretation and scope of the legal provisions and regulations on banking matters is one of the duties of the Superintendency;

Article 55 of the Banking Law establishes that Banks are required to comply with Corporate Governance regulations issued by the Superintendency;

Rule 5-2011 dated 20 September 2011 updated Corporate Governance provisions and provided reference guidelines and parameters for banks to comply with sound and secure banking practices;

Law 56 dated 11 July 2017 “That establishes the participation of women in government boards of directors” and Executive Decree 241-A dated 11 July 2018 “That regulates Law 56 dated 11 July 2017” provide that the entities regulated and supervised by financial oversight bodies [must] appoint women to at least 30% of the total positions on their Board of Directors;

Article 8 of Executive Decree 241-A provides that in their corporate governance regulations, the financial oversight bodies will establish the best practices related to electing the members of the boards of directors of the entities regulated by them. This article also indicates that the Superintendency of Banks will verify compliance with the requirements through compliance surveys. In case of non-compliance, the regulated entity must submit the reason for their non-compliance with the Law;

During its working sessions, the Board of Directors determined it necessary and advisable to update Rule 5-2011, adjusting it to the provisions of Law 56 of 2017 and Executive Decree 241-A that regulates the aforementioned Law.

### **RESOLVES:**

**ARTICLE 1.** Article 11-A is added to Rule 5-2011:

**“ARTICLE 11-A. APPOINTMENT OF MEMBERS TO THE BOARD OF DIRECTORS.**  
Pursuant to the provisions of Law 56 dated 11 July 2017 and Executive Decree 241-A dated 11 July 2018 that regulates it, banks must appoint women to at least thirty percent (30%) of

the total positions on their Board of Directors. For this purpose, the bank must make the appointment taking into consideration the timetable included in Article 3 of Law 56 of 2017.

When appointing, the bank must take into consideration the professional experience, career [trajectory], merits and other characteristics established within the bank's corporate governance policies and manuals.

The Superintendency of Banks will monitor the provisions herein through compliance surveys by means of which banks will also describe the reasons for any failure to meet the minimum percentage composition of the board of directors established in Law 56 of 2017 and its regulations. The information established herein will be submitted on an annual basis in the format and on the date the Superintendency may establish.

The provisions herein will not apply to branch offices of foreign banks and international license banks to whom the Superintendency acts as host supervisor.”

**ARTICLE 2. ENACTMENT.** This Rule shall enter into force from its promulgation.

Given in the city of Panama on the thirteenth (13<sup>th</sup>) day of August, two thousand nineteen (2019).

**FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.**

**THE CHAIRMAN,**

**THE SECRETARY,**

Joseph Fidanque III

Nicolas Ardito Barletta