

**Republic of Panama
Superintendency of Banks of Panama**

RULE No. 6-2025
(July 15, 2025)

“By means of which articles 7, 8 and Annexes 1 and 2 of Rule No. 4-2008 are modified, which outlines new provisions for compliance with the legal liquidity index”

THE BOARD OF DIRECTORS
in the exercise of its legal powers and,

WHEREAS:

As a result of the enactment of Decree Law No. 2 of February 22, 2008, the Executive Branch prepared a Consolidated Text of Decree Law No. 9 of 1998 and all its amendments, approved by Executive Decree No. 52 of April 30, 2008, hereinafter referred to as the Banking Law.

Pursuant to the provision of paragraphs 1 and 2 of Article 5 of the Banking Law, the objectives of the Superintendency of Banks are to ensure the maintenance of the solidity and efficiency of the banking system, as well as to strengthen and promote the conditions conducive to the development of the Republic of Panama as an international financial center.

In accordance with article 11, section I, numeral 5 of the Banking Law, it is the Board of Directors' technical faculty to establish, administratively, the interpretation and scope of the legal or regulatory provisions on banking matters.

According to Article 73 of the Banking Law, every bank with a general license and every bank with an international license whose home supervisor is the Superintendency of Banks must maintain at all times a minimum balance of liquid assets equivalent to the percentage of its total gross deposits in Panama, which will be periodically set by this Superintendency.

Consistent with Section 6 of Article 75 of the Banking Law, bonds issued by foreign governments or by international financial organizations authorized by the Superintendency and actively traded in securities markets, in accordance with the weighting criteria developed for these purposes by the Superintendency, shall be deemed liquid assets, provided they are free of all liens or encumbrances and are freely transferable.

Pursuant to Section 7 of Article 75 of the Banking Law, bonds of domestic or foreign private companies approved by this Superintendency, actively traded in the securities market, and deemed investment grade as determined by a recognized international risk rating agency, based on their market value, shall be deemed liquid assets, provided they are free of all liens or encumbrances and are freely transferable.

By Rule No. 4-2008 of July 24, 2008, and its amendments, this Superintendency issued new provisions for compliance with the legal liquidity ratio.

Article 7 of Rule No. 4-2008 establishes that for the purposes of Section 6 of Article 75 of the Banking Law, obligations issued by multilateral financial organizations of which the Republic of Panama is a member are accepted as liquid assets.

Article 8 of Rule No. 4-2008 establishes that for the purposes of Section 7 of Article 75 of the Banking Law, securities secured by housing mortgage loans issued by foreign private and government agencies with an international long-term rating of no less than AAA/AAA, which allows the investor to receive a pro rata share of all cash flows generated by a mortgage package, are accepted as liquid assets. The conditions that such securities must meet are also established.

Annexes 1 and 2 establish the international risk ratings of the risk rating agencies that banks must use for the purposes of Rule No. 4-2008.

During working sessions of this Board of Directors, the need and convenience of modifying provisions of Rule No. 4-2008 on the legal liquidity index has been highlighted.

RESOLVES:

ARTICLE 1. Article 7 of Rule No. 4-2008 of July 24, 2008, reads as follows:

ARTICLE 7. BONDS ISSUED BY INTERNATIONAL FINANCIAL ORGANIZATIONS. For the purposes of paragraph 6 of Article 75 of the Banking Law, the following are accepted as liquid assets:

1. Negotiable securities representing credits to, or guaranteed by, the Bank for International Settlements, the European Central Bank, the European Community, and the International Monetary Fund (IMF).

2. Negotiable securities issued by the following multilateral financial institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Agency (IDA), the International Finance Corporation (IFC), the Inter-American Development Bank (IDB), the European Investment Bank (EIB), the Asian Development Bank (ADB), the African Development Bank (ADB), the International Fund for Agricultural Development (IFAD), the Andean Development Corporation (CAF), the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank (CEDB); and other multilateral financial institutions of which the Republic of Panama is a member. These will be admitted at their market value, weighted according to their international risk rating, as indicated below:

International Rating	Rate
AAA to AA-	100%
A+ to A-	85%

ARTICLE 2. Article 8 of Rule No. 4-2008 of July 24, 2008, reads as follows:

ARTICLE 8. BONDS ISSUED BY FOREIGN PRIVATE AND GOVERNMENTAL AGENCIES. For the purposes of paragraph 7 of Article 75 of the Banking Law, securities secured by residential mortgage loans issued by foreign private and government agencies with an international long-term rating of no less than AA/Aa2, which allow the investor to receive a pro rata share of all cash flows generated by a mortgage package, are accepted as liquid assets. The securities will be considered at their market value and weighted according to their international risk rating, in accordance with the following table:

Rating	Rate
AAA	100%
AA+ to AA	75%

The securities must meet the following conditions:

- a.

Have a long-term international risk rating of no lower than AA/Aa2 or a short-term rating of no lower than A-1/P-1 or their equivalent.
- b.

Be payable in United States dollars or another freely convertible and transferable currency, at the discretion of the Superintendency.
- c.

Be the subject of frequent actual quotations and transactions in an organized secondary securities market or in repo markets. The bank must maintain evidence of the quotations and transactions to verify that they indeed have the essential property of being liquid.
- d.

The basket of underlying assets is limited solely to mortgages for the purchase of homes, i.e., mortgage-backed mortgage bonds (RMBS), and does not contain structured products.

PARAGRAPH. For the purposes of this article, no more than 30% of the minimum legal liquidity ratio may consist of these assets.

The percentage referred to in this paragraph will be reviewed semiannually by the Superintendent of Banks in the months of January and July of each year. Changes to the established percentage will be announced by General Resolution of the Superintendent.

ARTICLE 3. Annexes 1 and 2 of Rule No. 4-2008 of July 24, 2008, are as follows:

ANNEX 1

LONG-TERM INVESTMENT GRADE RATINGS

MOODY'S	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
STANDARDS & POORS	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
FITCH	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
KROLL BOND RATING AGENCY	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-

LONG-TERM NON-INVESTMENT-GRADE RATINGS

MOODY'S	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C
STANDARDS & POORS	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C
FITCH	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C
KROLL BOND RATING AGENCY	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C

ANNEX 2

SHORT-TERM INVESTMENT GRADE RATINGS

MOODY'S	P-1	P-2	P-3
STANDARDS & POORS	A-1+	A-1	A-2
FITCH	F1+	F1	F2
KROLL BOND RATING AGENCY	K1+	K1	K2

SHORT-TERM NON-INVESTMENT GRADE RATINGS

MOODY'S	NP		
STANDARDS & POORS	B	C	D
FITCH	B	C	D
KROLL BOND RATING AGENCY	B	C	D

ARTICLE 4. VALIDITY. This Rule shall enter into force upon its promulgation.

Issued in Panama City on the fifteenth (15th) day of July of the year two thousand twenty-five (2025).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT.

THE AD-HOC CHAIRPERSON,

(signed)

Adriana Raquel Carles

THE AD/HOC SECRETARY,

(signed)

María de Lourdes Marengo

