

TRANSLATION

REPUBLIC OF PANAMA SUPERINTENDENCY OF BANKS

September 3, 2003
CIRCULAR No. 048-2003

General Manager

Subject: Rule 4-99

Dear General Manager:

We refer to the Resolution dated 24 June 2003, issued by the Administrative Litigation Chamber of the Supreme Court of Justice settling the complaint filed by the Movement of Independent Public Accountants (Movimiento de Contadores Públicos Independientes). The Court determined that Resolution 3 dated 30 August 2000, issued by the Technical Board on Accounting of the Ministry of Commerce and Industries and published in O.G. 24,211 dated 2 January 2001, is illegal.

In its reasoning on the determination in the above Resolution, the court confirmed previous court decisions affirming the Superintendency of Banks' authority to adopt technical accounting standards for the accounting records of banks established in the country and for reporting financial statements and other required information on their operations.

In this vein, the Court's ruling states:... *"as the Tribunal stated in its ruling of 27 March 2002, Article 16, paragraph 9 of Decree Law 9 dated 26 February 1998 gives the regulator of national banks the legal power to adopt, as it has adopted, technical accounting standards for the accounting records of the banks established in the country, for reporting financial statements and other required information on operations, for international accounting standards and international auditing standards of the International Accounting Standards Commission"...*

In this regard, we reiterate the validity of the provisions of Rule 4-99 dated 11 May 1999 whereby technical accounting standards were adopted for the accounting records of banks established in Panama and for reporting their Financial Statements and other required information on their operations, as established in Articles 16 (paragraph 19) and 55 of Decree Law 9 of 1998.

Best regards,

Delia Cardenas
Superintendent