

# TRANSLATION

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

**RULE No. 005-2012<sup>1</sup>**  
(dated 25 September 2012)

“Whereby the regulations on interbank deposits are compiled and updated and other activities that could be carried out by international license banks are regulated”

### **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 paragraph 1 of article 5 of the Banking Law, the objective of the Superintendency of Banks is to safeguard the soundness and efficiency of the banking system;

That pursuant to paragraph 5 of article 11 of the Banking Law, it is the duty of the Board of Directors to establish the administrative interpretation and scope of the legal provisions and regulations on banking matters;

That by Rule 6-74 dated 24 September 1974 of the former National Banking Commission the conditions on interbank deposits were regulated;

That pursuant to Rule 2-78 dated 22 February 1978 of the former National Banking Commission, article 4 of Rule 6-74 was amended;

That pursuant to paragraph 2 of article 41 of the Banking Law, international license banks are allowed to engage in, from an office established in Panama, transactions that are completed, consummated or have effect abroad and to carry out other activities that may be authorized by the Superintendency;

That during the Board of Directors' working sessions it became obvious that it was necessary and advisable to compile, adjust and update the provisions on interbank deposits, as well as to provide specific authorization based on the provisions of paragraph 2 of article 41 of the Banking Law regarding those other activities international license banks may carry out.

### **RESOLVES:**

**ARTICLE 1. SCOPE OF APPLICATION.** The provisions of this Rule will be applied to state-owned, general license and international license banks.

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<sup>1</sup> Amended by Rule 3-2014 dated 23 June 2014.

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**ARTICLE 2. INTERBANK DEPOSITS MARKET.** The placement of funds made among banks established in Panama is considered part of the interbank deposits market.

**ARTICLE 3. PLACEMENT OF INTERBANK DEPOSITS.** Banks must meet the following parameters for the placement of interbank deposits:

1. General license bank can place interbank deposits among themselves at all times.
2. International license banks can make and receive placements of interbank deposits among themselves at all times.
3. International license banks can place interbank deposits in general license banks.
4. General license banks can place foreign funds in international license banks. In this case the depositor bank will certify to the receiving bank that the funds to be deposited are from foreign sources.

**ARTICLE 4. TERM OF INTERBANK DEPOSITS.** Interbank deposits will not be subject to the standard rules on deposit terms and interest. Interbank market supply and demand will determine the terms and conditions of placements. There will be no minimum term for interbank deposits.

**ARTICLE 5<sup>2</sup>. INTERNATIONAL LICENSE BANK ACTIVITIES.** For the purpose of the provisions of Paragraph 2 of Article 41 of the Banking Law regarding other activities international license banks may carry out, the Superintendency authorizes these banks to purchase Panamanian domestic debt instruments, as well as debt instruments issued by private companies, through securities markets organized in the Republic of Panama.

The public debt may be issued by the State or by state-owned entities.

**ARTICLE 6. PENALTIES FOR NONCOMPLIANCE.** Noncompliance with the provisions established herein will be penalized pursuant to the provision of Title VI of the Banking Law.

**ARTICLE 7. DEROGATIONS.** This Rule repeals Rule 6-74 dated 24 September 1974 and Rule 2-778 dated 22 February 1978, both issued by the National Banking Commission.

**ARTICLE 8. ENACTMENT.** This Rule shall become effective as of its promulgation.

Given in the city of Panama on the twenty-fifth (25<sup>th</sup>) day of September, two thousand twelve (2012).

**LET IT BE KNOWN, PUBLISHED AND ENFORCED.**

**THE CHAIRMAN,**

**THE SECRETARY,**

Félix B. Maduro

Nicolás Ardito Barletta

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<sup>2</sup> Amended by Article 1 of Rule 3-2014 dated 23 June 2014.