

Republic of Panama Superintendency of Banks

RULE N°. 14-2019
(dated 17 December 2019)

“By means of which Article 20 of Rule 4-2008 on the Legal Liquidity Index is amended”

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 fostering favorable conditions for the development of the Republic of Panama as an International Financial Center are objectives of the Superintendency of Banks;

Pursuant to sub-paragraph 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;

Pursuant to Article 78 of the Banking Law, general license banks will maintain assets in-country equivalent to a percentage of domestic deposits that is determined by the Superintendency according to national economic or financial conditions;

Article 78 of the Banking Law also establishes in its proviso that until the Superintendency of Banks decides otherwise, the percentage referred to in the aforementioned Article will be of eighty-five percent (85%);

By means of Rule 4-2008 dated 24 July 2008, the Superintendency provided new provisions for meeting the legal liquidity index;

Article 20 of Rule 4-2008 provided that for the purposes of Article 78 of the Banking Law, only general license banks are required to maintain assets in-country equivalent to eighty-five percent of domestic deposits;

After the internal analysis conducted by the technical staff and the Superintendency's power to amend the percentage referred to in Article 78 of the Banking Law, it was deemed advisable to decrease the percentage that must be used for calculating the relationship between domestic assets and domestic deposits;

During its working sessions, the Board of Directors determined it necessary and advisable to amend Article 20 of Rule 4-2008 to decrease the percentage referred to in Article 78 of the Banking Law.

RESOLVES:

ARTICLE 1. Article 20 of Rule 4-2008 shall read:

“ARTICLE 20. RELATIONSHIP BETWEEN DOMESTIC ASSETS AND DOMESTIC DEPOSITS. For the purposes of Article 78 of the Banking Law, only general license banks will be required to maintain assets in Panama equivalent to sixty percent (60%) of their domestic deposits.

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

Given in the city of Panama on the seventeenth (17th) day of December, two thousand nineteen (2019).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE CHAIRMAN, a.i.

THE SECRETARY, a.i.

Nicolas Ardito Barletta

Luis Alberto La Rocca