

Republic of Panama Superintendency of Banks

RULE N°. 9-2019
(dated 24 September 2019)

“Whereby Article 2 of Rule 6-2012 on Technical Accounting Standards for banks established in Panama 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 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;

Pursuant to paragraph 7 of Article 11 of the Banking Law, establishing the accounting requirements related to the financial information banks must provide is a technical duty of the Board of Directors;

According to paragraph 8 of Article 11 of the Banking Law, establishing the general accounting standards banks must follow is a technical duty of the Board of Directors;

In accordance with paragraph 3 of Article 91 of the Banking Law, banks must submit all information required by the Superintendency in the timeframe, format and frequency determined by the Superintendency;

The International Financial Reporting Standards (IFRS) are a globally accepted, understandable, high-quality set of standards based on clearly established principles;

Rule 6-2012 dated 18 December 2012, stipulated the provisions on technical accounting standards for banks established in Panama;

Pursuant to Article 2 of Rule 6-2012, the technical accounting standards used to prepare accounting records and to submit the financial reports of the regulated parties will be the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), exclusively, except as otherwise indicated in Article 3 of Rule 6-2012;

During its working sessions, the Board of Directors determined it necessary and advisable to amend Article 2 of the aforementioned Rule 6-2012, with the objective of permitting the holding company of banking groups consolidating their operations in Panama and whose home supervisor is the Superintendency of Banks, to submit their financial reports based on the Generally Accepted Accounting Principles of the United States of America (US-GAAP) in order to promote and to foster the country as an international financial center. [This will require] prior authorization from the Superintendency.

RESOLVES:

ARTICLE 1. Article 2 of Rule 6-2012 dated 18 December 2012 shall read:

“ARTICLE 2. TECHNICAL ACCOUNTING STANDARDS. The technical accounting standards used to prepare accounting records and to submit the financial reports of the regulated entities will be the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), exclusively, except as otherwise indicated in Article 3.

PROVISO: In those cases where the characteristics of a banking group justifies the bank holding company using the Generally Accepted Accounting Principles of the United States of America (US-GAAP), the reporting of financial statements of the bank holding group may be submitted following the aforementioned accounting standard, based on a properly substantiated proposal and with prior authorization from the Superintendency of Banks.

The aforementioned will be applicable only to banking groups whose legal structure makes the Superintendency of Banks their home supervisor.”

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

Given in the city of Panama on the twenty-fourth (24th) day of September, two thousand nineteen (2019).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE CHAIRMAN, a.i.

THE SECRETARY, a.i.

Nicolas Ardito Barletta

Luis Alberto La Rocca