

Law No. 183-02.
Monetary and Financial System.

TITLE I
REGULATORY AND INSTITUTIONAL FRAMEWORK

SECTION I
REGULATORY PRINCIPLES OF THE MONETARY AND
FINANCIAL SYSTEM

Article 1. Objective of the Law and Legal System of the Monetary and Financial System.

a. Objective of the Law. The present Law has the objective of establishing the regulatory regime of the monetary and financial system of the Dominican Republic.

b. Scope of the Regulation. Regulation of the monetary and financial system throughout the whole territory of the Dominican Republic will be implemented exclusively by the Monetary and Financial Bureau. Regulation of the system comprises policy making, regulation, implementation, supervision and sanction enforcement, within the terms established under this Law and the Regulations issued for its development.

c. Legal System. Regulation of the monetary and financial system will be governed exclusively by the Constitution of the Republic and this Law. The regulations that the Monetary Board may issue for its development, and the Rules, which hierarchically subordinated to the Rules issued by the Monetary Board, are issued by the Central Bank and the Superintendence of Banks in the area of their respective jurisdictions. Will be of supplemental enforcement in matters not

specifically foreseen in previous norms, general provisions of Administrative Law and in its absence, those of Common Law.

d. Coordination of Jurisdictions. The monetary and financial system, the stock market and the insurance and pension systems will be governed by their own laws. Monetary and Financial Board and supervising and monitoring bodies of the stock market, insurance and pension will maintain the necessary coordination in the exercise of their respective regulatory jurisdictions, with the objective of allowing adequate implementation of their functions, efficient supervision on a consolidated base and a smooth exchange of information necessary to carry out its tasks, in accordance with that established herein. The Monetary Board will rule, prior consultation with said bodies, the procedure for the solution of discrepancies and conflicts of jurisdiction that may arise from compliance with said coordinating obligation.

Article 2. Objective of the Regulation.

a. Regulation of the Monetary System. Regulation of the monetary system will have the objective of maintaining price stability, which is an essential base for national economic development.

b. Regulation of the Financial System. Regulation of the financial system will have the objective of ensuring compliance with the conditions of liquidity, solvency and management that financial intermediary agencies must comply with at all times in accordance with the provisions herein, in order to ensure the normal functioning of the system within a framework of competitiveness, efficiency and free market.

Article 3. Prior Administrative Authorization Regime.

a. Authorization Model. Financial intermediation is subject to the prior administrative authorization regime and subject to continued supervision under the provisions of this Law. Financial

intermediation can only be implemented by the financial intermediation agencies referred to in this Law.

b. Concept of Financial Intermediation. Within the purview of this law, financial intermediation means the customary collection of funds from the public for the purpose of granting them to third parties, regardless of the type or denomination of the collection or assignment instrument used. Customary collection assumptions will be statutorily determined which, because of their charitable character, do not constitute financial intermediation.

c. Implications. Granting of authorization and exercising of supervision activities will not mean, under any circumstances, the assumption by the Monetary and Financial Bureau of any responsibility whatsoever of the results derived from the exercise of financial intermediation activities which will always be on account of the authorized financial intermediation agency.

d. Instruments. The Monetary and Financial Bureau will guarantee adequate functioning of the monetary and financial system, through the implementation of monetary policy, regulation instruments, supervision and control of the operations of financial intermediation agencies, in accordance with the present Law, norms and international practices on the subject.

Article 4. Legal System of the Regulatory and Resources Acts

a. Presumption of Lawfulness. The actions ordered by the Monetary and Financial Bureau in the exercise of its jurisdiction and in accordance with the procedures statutorily established, enjoy the presumption of lawfulness, unless otherwise proven, and shall be immediately enforceable. Non compliance implies corresponding sanctions in accordance with the terms established under this law. For the mandatory implementation of administrative acts the Monetary and Financial Bureau will count on, if necessary, the assistance of public force from the Ministry of Public Prosecution, which cannot be denied under any circumstances. Occupation to

which reference is made under Article 63, literal b) of the present Law, will not require any jurisdictional assistance from the Ministry of Public Prosecution, as long as it is carried out in the facilities of the financial intermediary agency in the presence of an official duly accredited by the Monetary Board which will prepare the minutes of the event.

b. Appealability. The rulings pronounced by the Monetary and Financial Bureau, which bring to an end an administrative procedure, will only be appealable through appeals to executive authority for reconsideration before the agency which pronounced the ruling and hierarchical appeal before the Monetary Board in accordance with the provisions of this Law. Initiation acts of a procedure and acts of proceedings will not be appealable independently of the act that puts an end to the administrative procedure. Before the acts of the Monetary Board which bring to an end the appeal to executive authority an appeal to the ordinary courts against the administration may be lodged on the financial and monetary issue within the term of one (1) month, before the judicial body and in accordance with the procedure stated under Article 77 of this Law.

c. Non Suspensive Effects. The appeals and resolutions which bring an end to same must be based exclusively on infringements of the regulatory framework referred to under Article 1 of this Law or violation of the rules of procedures issued under the protection of that established under this Article. Filing of an appeal to executive authority or judicial review of monetary and financial issues will not have suspensive effect on the implementation of the appealed act. Request for stay of the appealed act can only be made when said act brings to an end a penalizing procedure and as long as implementation of said act may result, objectively considered, an inevitable effect in the case de act were subsequently repealed in a judicial court. The mere payment of sums of money will not be considered an inevitable effect. Acts by which the annual objective of monetary programming are defined, those for implementation of monetary policy, and those through which the annual financial

inspection and supervision plan are approved or modified will not be susceptible to appeal to executive authority or judicial review.

d. Contestation of Regulations. Contestation of Regulations of the Monetary Board and Guidelines of the Central Bank and the Superintendence of Banks can only be made on the occasion of the filing of an appeal before an act pronounced in the implementation of same. Regulations and Guidelines will always be of a general scope and provisions of same cannot be the object of singular alteration by acts ordered by the same body that issued the regulatory provision or by a different one.

e. Procedural Principles. The Monetary Board will regulate the general rules applicable to administrative procedures of the Monetary and Financial Bureau in accordance with the provisions of this Article and in accordance with general principles of Administrative Law and particularly with the lawfulness, certainty of law, arbitrariness interdiction, motivation of acts that restrict the legal sphere of those interested, regulatory hierarchy, effectiveness, reasonability, economy, transparency, celerity, preclusion of terms, publicity and due process.

f. Terminology. Regulatory provisions of the Monetary Board will be called Monetary Regulations and Financial Regulations. Regulatory provisions of the Central Bank and the Superintendence of Banks will be called Guidelines. The Internal Rules of the Monetary Board, the Central Bank and the Superintendence of Banks will be called Internal Rules. The acts of the Monetary Board will be called Resolutions of the Monetary Board. The acts of the Central Bank and the Superintendence of Banks will be called Circulars.

g. Drafting of Regulations. During the drafting of the Monetary and Financial Regulations, the Monetary Board must summon a public consultation to receive in writing the opinion of the interested sectors, within a period of not less than thirty (30) days counted as of the date of the publication in at least one newspaper of national circulation of the complete text of the draft of the Regulations. The

term established herein may be reduced by the Monetary Board in the cases where it is of extreme urgency to enforce the Regulation. The Regulations will become effective within a period of seventy-two (72) hours of having been published in at least one newspaper of national circulation.

h. **Publicity.** The Financial and Monetary Regulations as well as the Guidelines of the Central Bank and the Superintendence of Banks will be published in the Newsletters referred to under Articles 22, literal f) and 23, literal c) of this Law, as appropriate, and in at least one newspaper of national circulation. Internal Rules must be known to the staff of the Monetary and Financial Bureau in the parts that concern them. Administrative acts of the Monetary and Financial Bureau must be notified as a condition of validity in the domicile of those affected by same, or if it is the case of a company, in the hands of their legal representatives and in the social domicile of the company, and, in its absence and due to a well established impossibility, in the publications referred to under Articles 22 and 23 of this Law, as appropriate.

SECCION II

ORGANIZATION OF THE MONETARY AND FINANCIAL BUREAU

Article 5. Structure.

a. **Organization.** Monetary and Financial Bureau consists of the Monetary Board, the Central Bank and the Superintendence of Banks, being the Monetary Board the higher body of both agencies. The Monetary and Financial Bureau enjoys operational, organizational and budgetary autonomy for the enforcement of the responsibilities entrusted to it by this Law.

b. **Relationships.** The relationship between the Central Bank and the Superintendence of Banks will be ruled by the principles of economy,

cooperation, coordination of roles and sphere of competence. The Monetary Board will ensure compliance with this provision.

c. **Implementation of Authority.** The authority granted by this Law on the Monetary and Financial Bureau cannot be waived and can only be exercised by same in accordance with the provisions of this Law. The Monetary and Financial Bureau only has the authority to carry out whatever this Law entrusts to it.

d. **Obligation to Inform.** Individuals or companies, whether public or private, will be obliged to facilitate to the Monetary and Financial Bureau the information it might require in order to fulfill its obligations in the way determined by this Law and which it may establish by way of Regulations. If this information is not provided, this may be made public by the Monetary and Financial Bureau in a newspaper of national circulation and informed to the National Congress, independently of the sanctions to which persons are subject to in accordance with the provisions of this Law.

Article 6. Staff Statutory Regime.

a. **Categories.** The staff of the Monetary and Financial Bureau will be formed by authorities, officials and employees. Authorities are the members of the Monetary Board, as well as the Vice-Governor of the Central Bank and the Intendant of the Superintendence of Banks. Officials are posts similar or higher than the category of deputy director in accordance with the provisions of the Internal Rules of the Central Bank and the Superintendence of Banks. The rest of the staff will be considered employees. Labor relations of officials and employees working at the Monetary and Financial Bureau will be governed by that established under this Article, by corresponding Internal Rules and by the provisions of the Labor Code and the Social Security Law. For their consideration within the compensation and retirement of the staff of the Monetary and Financial Bureau, the Governor and Vice-Governor of the Central Bank, as well as the Superintendent and Intendant of Banks, will be equaled to the official category, without detriment to their classification as authorities.

b. Duties. The staff working at the Monetary and Financial Bureau will exercise their responsibilities with absolute impartiality and in accordance with established norms and procedures. A Code of Conduct will be statutorily established which will govern obtaining of financing by the staff of the Monetary and Financial Bureau from financial intermediary agencies. The staff will be subject to a personal administrative responsibility regime, without detriment of the corresponding civil or criminal one, which will be demandable by means of the corresponding disciplinary procedure. Within this disciplinary regime, violation of responsibilities imposed by the Code of Conduct and violation of confidentiality responsibility will be considered very serious faults, sanctionable with separation of post.

c. Rights. Officials and employees of the Monetary and Financial Bureau will have a selection and career system based on the principles of merit and competence, which will guarantee its impartiality and independence, and will proscribe abolishment of posts due to reasons of mere convenience. Selection of officials and employees for technical/professional tasks will be subject to bidding in accordance with the Internal Rules of the Central Bank and the Superintendence of Banks. Officials and employees will count on a transparent and market compensation system which will include pension and retirement funds for the Central Bank and the Superintendence of Banks, in accordance with the provisions issued by the Monetary Board and based on the provisions of the Social Security Law. Internal Rules will also establish the respective regimes for officials and employees of the Central Bank and the Superintendence of Banks as well as the catalog of incompatibilities taking into account the responsibilities of the post and the disciplinary regime. Acts which may be issued regarding personnel will follow the monetary and financial appeal to executive authority and judicial review established under Article 77 of this Law.

d. Economic Responsibility. The authorities and officials working for the Monetary and Financial Bureau who authorize, allow or in any way tolerate financial concession on the part of the Central Bank to

public or private entities, violating the provisions of the present law, will be personally and in solidum responsible with its own patrimony from the immediate reimbursement of the amounts allowed, without detriment of the criminal and civil responsibility that may apply. Legal action to demand reimbursement, with corresponding interests, is public and prescribes five (5) years as of the date on which said person stopped working for the Monetary and Financial Bureau. In the case when the decision to grant financing has been adopted by the Monetary Board, this responsibility may not be applied to those who timely saved their vote, which must be recorded in the corresponding minutes.

Article 7. Demand of Responsibility by Third Parties.

No personal, civil or criminal action may be tried against the staff working for the Monetary and Financial Bureau, by acts committed during the exercise of their responsibilities in accordance with that provided by this Law, if previously a definitive and irrevocable court decision is not obtained stating the invalidity of the corresponding administrative action in whose implementation said person had participated.

In case invalidity of said action were declared and the cause of the invalidity were the particular conduct of the person who pronounced or executed the action, the way will be clear to exercise the corresponding disciplinary action without detriment of other actions that may be called for under the Law.

Within the purview of this Article, the Monetary and Financial Bureau will assume the costs of defense of the staff sued, even if they had stopped working for it. The Monetary and Financial Bureau will have the right to claim restitution against said persons in the case they were found personally responsible for the violation. This obligation to assume the costs of defense by the Monetary and Financial Bureau will exist in benefit of those officials separated from their posts or sanctioned due to their refusal to carry out actions which violate the financial prohibition to public or private entities

established under the present law, when these officials have challenged the act by which they were separated or sanctioned before competent authorities.

Article 8. Special Confidentiality Obligation.

The staff working for the Monetary and Financial Bureau, who by virtue of their responsibilities have access to information of a privileged and confidential nature, will have the obligation to maintain total discretion. Non compliance of this obligation will cause for immediate destitution without detriment of other responsibilities that may apply.

When due to outcomes foreseen in fiscal legislation or to substantiate criminal cause, the Tax Authorities or competent judges require submission of information of a confidential nature this will be submitted in writing through competent authorities of the Monetary and Financial Bureau. That stated under this Article is understood without detriment to whatever special norms may establish in order to prevent laundering of assets.

SECTION III

OF THE MONETARY BOARD

Article 9. Authority. The Monetary Board will:

- a. Determine monetary, exchange and financial policies of the Country in accordance with that established under this Law and in accordance with the regulatory objectives of Article 2 of the Present Law.
- b. Approve the Monetary Program in accordance with the objective established under Article 2 of this Law, as well as regular knowledge and monitoring of its degree of implementation.

- c. Issue the Monetary and Financial Regulations for enforcement of the present Law.
- d. Approve the Internal Rules of the Central Bank and the Superintendence of Banks, as well as the organizational structure of said agencies as per their proposals.
- e. Approve the Central Bank and Superintendence of Banks budgets.
- f. Grant and revoke authorization to operate as a financial intermediary agency, as well as authorize merger, take over, demerger, and similar acts between financial intermediation firms as per proposals made by the Superintendence of Banks.
- g. Grant and revoke authorization to operate as an exchange intermediation agency, as well as authorize merger, take over, demerger, and similar acts between financial intermediation firms as per proposals made by the Superintendence of Banks.
- h. To know and rule hierarchical appeals filed against actions ordered by the Central Bank and the Superintendence of Banks on the subjects of their respective authority.
- i. Approve and submit to the Executive Power proposals to modify monetary and financial legislation in accordance with the Constitution of the Republic, as well as keep the Executive Power informed regarding legislative initiatives or any other which affect the monetary and financial system.
- j. Appoint, suspend or remove Central Bank and Superintendence of Banks officials as proposed by the Governor and the Superintendent of Banks, as may be appropriate.
- k. Appoint the Comptrollers of the Central Bank and Superintendence of Banks.

l. Perform any other task which the present Law assigns to the Monetary and Financial Bureau which has not been expressly assigned to the Central Bank and the Superintendence of Banks. The tasks to which this literal makes reference to may be delegated by the Monetary Board to the Central Bank or the Superintendence of Banks.

Article 10. Composition of the Monetary Board.

The Monetary Board is formed by three (3) ex officio members and six (6) members appointed for a specific period of time. Members ex officio are: the Governor of the Central Bank, who will Chair it, the Secretary of State of Finance and the Superintendent of Banks. To the Chairman of the Monetary Board will correspond the official and exclusive representation of the Monetary Board, which cannot be delegated on another member of same.

Article 11. Appointment, Competency and Dismissal of Members.

a. Appointment. Members for a specific period of time will be appointed by the President of the Republic, for a period of two (2) years, which may be renewable. A member appointed to cover a vacancy due to a cause different than expiration of the mandate, will occupy said post only until completion of the mandate corresponding to the member who is being replaced.

b. Competency. To become an appointed member for a specific period of time it is necessary to be Dominican, older than 35 years of age, of well-known professional standing, and with more than ten (10) years of proven experience in economic, monetary, financial or entrepreneurial practice, as long as his activities do not constitute a conflict of interests with the role he must perform as a member of the Monetary Board. An appointed member for a specific period of time cannot become one if he is subject to any of the following causes for inability:

1) Be a relative of any other member of the Monetary Board up to the third degree of consanguinity or second in kinship or have economic or labor links or interests coinciding with another member of the Board.

2) Those who have been directors or managers of a financial intermediary agency some time during the five (5) years prior to the date in which it had: (i) been the object of abrogation of the authorization to operate due to violations; (ii) not complied with a recovery program; (iii) being submitted to an audit, dissolution, compulsory liquidation, winding-up or bankruptcy; or (iv) been the object of any salvaging on the part of the State.

3) Those who have been sanctioned due to violation of financial and monetary norms in force with separation of post and disqualified to perform during the period of the sanction; those sanctioned for violations of regulatory norms of the stock market, insurance and pension; those declared insolvent; those convicted for crimes of an economic nature or laundering of assets, and those who are legally incapable or have been the object of dismissal of their posts at the Monetary and Financial Bureau under the provisions of this Article and Articles 17 and 21 of this Law.

4) Those who have been convicted by a judicial sentence, definitive and irrevocable, to penalties for criminal violations.

c. Incompatibility. The post of member of the Monetary Board for a specific period of time will be incompatible with the following:

1) Be an elected official or perform other public remunerated functions, with the exception of posts of a teaching or academic nature.

2) Be a member of governing bodies, boards, or in any way participate in the control or management of a financial intermediary institution subject to that stated in this Law or other special laws.

3) Have a direct or indirect participation in the capital of the institutions subject to the provisions of this Law. Members of the Monetary Board who own shares in financial intermediation institutions which do not constitute incompatibility must turn over management of said participation under a trust or management contract for the duration of his term. The manager or trustee shall be obliged to manage said portfolio in accordance with sound commercial practices. The member of the Board will not be able to order implementation of any directives and must restrain from making any suggestions regarding management of said portfolio.

d. Dismissal. Members appointed for a specific period of time can only be dismissed from their posts by a decision adopted by three fourths (3/4th) of the members of the Monetary Board, due to the following causes:

1. When any of the circumstances that determine the existence of conflict of interest or causes of incompetence or incompatibility foreseen under literal b) and c) of this Article occurs, or are declared legally incompetent.

2. When the confidentiality responsibility to which Article 8 of this Law refers to is violated, or do not abstain when they should.

3. When use is made for their own or third party benefit of information obtained from the performance of their duties as members of the Monetary Board.

4. When they are absent or without justification miss three (3) consecutive sessions of the Monetary Board.

e. Consequences. The member who has been dismissed may appeal before the Supreme Court of Justice within a term not to exceed fifteen (15) days as of the date of his dismissal. Neither the term for the remedy of appeal nor the exercise of said appeal will suspend the dismissal decision adopted by the Monetary Board. The Supreme Court of Justice must summon an oral, public hearing in the presence

of both parties, within a period of fifteen (15) days counted as of the date of the filing of the appeal, and will judge if the causes for dismissal are gathered, after which will pronounce judgment confirming the dismissal or repeal of same, which should be rendered in a term not to exceed fifteen (15) days as of the date of the hearing. The members dismissed due to the causes foreseen under literal d) of the present Article will be unqualified to be members of the board of management or governing bodies of financial intermediation agencies.

Article 12. Compensation and Activities.

The duties of the members to which the previous Article refers to will be compensated in accordance with that established in the Internal Rules of the Monetary Board. These members must submit a Sworn Net Worth Statement in accordance with the procedure and form established under Law 82 of December 23, 1979. Also, must state their commercial and consulting relationships, and that within these, causes of incompatibility do not coincide. These statements will be updated annually. They will not be able to carry out activities which may result in a conflict of interest with their duties as members of the Monetary Board.

During the following year to the cease of their functions, the members of the Monetary Board for a specified period of time will not be able to perform managerial, consulting or legal representation activities in institutions whose practice is incompatible with the post held and will be subject to the obligation of maintaining confidentiality and the incompatibility regime foreseen in this Law. As compensation for not being able to carry out such activities for a year, the Monetary and Financial Bureau will provide the unemployed member a monthly indemnity equivalent to his last compensation. The right to indemnity foreseen in this Article will not be extensible to the members of the Monetary Board in the case of dismissal or resignation, being in any case, obligated to the cease of their activities prescribed under the present Article.

The expenditures necessary for the operations of the Monetary Board will constitute an item within the budgets of the Central Bank and the Superintendence of Banks in the proportion determined by the Monetary Board.

Article 13. Operations.

The sessions of the Monetary Board will be convened by its Chairman, who will determine the Agenda, at least once (1) a month, or when it is required in writing with good reason to its Chairman, by at least four (4) members for a specific period of time.

The Monetary Board will meet validly with the presence of at least five (5) of its members and the necessary presence of at least three (3) members for a specific period of time. The presence of the members of the Monetary Board is personal and cannot be delegated, except in the case of the ex officio members who will be represented in accordance with corresponding legal provisions. Decisions will be made by simple majority of the members present and in the case of a tie the Chairman will have the decisive vote. In the cases where the present Law establishes aggravated majority for decision making on the part of the Monetary Board, the basis for calculation of said aggravated majority will be the totality of the members of said body. Members of the Monetary Board may save or explain their vote and will abstain in those cases where there is a personal, economic or professional relationship with the issue to be dealt with.

The Monetary Board, during its sessions, may authorize the presence of staff at the service of the Monetary and Financial Bureau or of individuals, for the purpose of gathering information that may be necessary for the knowledge and solution of Agenda issues. The Vice-Governor of the Central Bank will attend the meetings with the right to voice but without the right to vote and will substitute the Chairman in the case of absence or illness. The Monetary Board will appoint a Secretary who must have a degree or doctorate in Law, who will attend the sessions without the right to voice or vote and will prepare the official certifications of same, which, signed by the

Chairman and the Secretary, will constitute valid proof of the decisions adopted. The Secretary will be responsible for the performance of all functions assigned by the Regulations in order to prepare, organize and file documentation and files submitted to, and issued by the Monetary Board.

The Monetary Board, through Internal Rules, which must be approved or modified unanimously, will develop that established under this Article and in the previous one.

SECTION IV OF THE CENTRAL BANK

Article 14. Nature.

The Central Bank is a public law entity, of Public Law, with legal personality. In its condition of unique issuer institution enjoys the autonomy granted by the Constitution of the Republic. It has its domicile in its headquarters in Santo Domingo, National District, Capital of the Dominican Republic, being able to establish branches and agencies within or outside of the national territory.

The Central Bank is exempt of all types of taxes, rights, rates or contributions, national or municipal, and in general, of the tax burden that would have a bearing on its assets or operations. Likewise, all operations derived from the monetary policy carried out directly with the Central Bank by the financial intermediary agencies and of other natures, are exempt from payment of all taxes. The Bank will also enjoy postal and telegraphic franking privileges. Will contract acquisition of goods and services necessary for its operations in accordance with general principles of public hiring and in particular in accordance with the principles of publicity, competition and transparency, in accordance with the Regulations issued by the Monetary Board.

Article 15. Functions.

The Central Bank has the function of implementing the monetary, exchange and financial policies, in accordance with the Monetary Program approved by the Monetary Board and exclusively through the use of the instruments established under Title II of this Law, in accordance with the objectives established under Article 2, literal a). Without detriment to the regulatory initiative of the Monetary Board, the Central Bank will propose to said body the projects for Monetary and Financial Rules on monetary, exchange and financial issues. The Central Bank will be responsible for the supervision and final settlement of payment systems, as well as the interbank market.

Another function of the Central Bank is the compilation and development of statistics of the balance of payment, of the monetary and financial system, and others which may be necessary for compliance with its role.

The Central Bank has internal regulatory power of a self-organizational nature, subject to ratification by the Monetary Board, as well as subordinate regulatory power to develop by means of Guidelines that established under the Monetary and Financial Regulations for issues in its area of responsibility. The Central Bank will manage the Contingency Fund established under Article 64 of this Law through a separate statement. The Central Bank is responsible for the imposition of sanctions for banks shortages in their reserve requirements, non compliance with the operating norms of payment systems, violation of the obligation to provide information referred to under Article 5, literal d) and violation of Article 25, literal d) of this Law. Fines due to infringement will be deposited in the Contingency Fund.

The roles granted by this Law to the Central Bank will under no circumstances breach the strict prohibition to grant credit to the Government or other public institutions, directly or indirectly, or through financial agencies or through the signing of contracts whose

price implies subsidy to a public institution or, in any way, imply any type of subsidy.

Said prohibition will not be considered breached, in the cases when open market operations are made buying public debt titles in the secondary market from financial institutions according to that established under Article 26 of this Law, nor in the implementation of that established under its Article 84, literal b).

The Central Bank will never be able to guarantee the obligations of others, nor provide guarantees, nor any type of personal guarantee, nor assume solidarity for third party obligations.

Article 16. Proprietary Regime, Accounting and Financial Statements

a. Capital and Patrimony. The Central Bank has an account with a capital which shall be called Own Resources Fund, formed by the contributions made by the State for creation of same and through authorized capitalizations and reserves for capital increase accumulated up to the time the present Law becomes effective. This Fund may be increased with the surplus referred to under literal e) of the present Article and with other contributions from the State. The Central Bank has its own patrimony which cannot be embargoed and subject to exclusively to the compliance of its objectives.

b. Monitoring and Accountability. The Central Bank is subject to monitoring of its own control bodies, to the opinion and annual certification of an external, well-known, at the national and internal level, audit firm and annual rendering of accounts before the Executive Power and the National Congress, through its Governor, including submission of the corresponding Annual Report during the first legislature of every year. The Governor must inform the Monetary Board on a monthly basis the main accomplishments of the Central Bank.

c. Financial Statements. The Central Bank will prepare its financial statements and will keep accounting in accordance with international standards regarding central banks, in accordance with rulings by the Monetary Board. Fiscal year will be of one (1) calendar year.

d. Budgets. The Central Bank will develop its budgets annually in which, together with current expenditures, must include explicitly expenditures programmed for implementation of the monetary policy. Said budgets will be approved by the Monetary Board. Mechanisms for budget control and follow-up will be established by the Monetary Board through Regulations.

e. Surplus or Deficit. For each fiscal year surplus will be distributed first through allocation of one third (1/3) of same until its Owner's Equity Fund is increased to a level equivalent to five per cent (5%) of the aggregate amount of the liabilities of the Central Bank. Another third (1/3) will be used to increase the Bank's General Reserve, until it reaches a level equivalent to the amount of the Owner's Equity Fund. This General Reserve can only be used to compensate any deficit of the Central Bank. The remaining third (1/3) will be used to repay or redeem public debt titles referred to under Article 82 of the present Law. Once these debts are cancelled in its entirety, said surplus will be used to increase the Owner's Equity Fund and General Reserve until the above- mentioned five per cent (5%) is reached. When such funds have reached the amounts stated and the titles referred to under Article 82 of this Law have been paid, the surplus will be transferred to the Government, once the financial statements have been audited. In the cases when a deficit is generated, this will be covered first charged to the General Reserve Fund and if it is not enough to cover the deficit, the Government will absorb the difference through a direct transfer of funds to the Central Bank or through issuance of a Treasury draft, with maturity not to exceed one (1) year, for the total amount of the difference, at a rate of interest which cannot be less than the market interest rate. Said Treasury Draft may be segregated by the Central Bank in order to negotiate it in the secondary market. The Government must allocate

payment of said draft in the budget of the year subsequent to its issuance.

Article 17. Organization

a. Management. The Central Bank will be managed by a Governor, who will be responsible for its direction and representation of said body, and will have an Executive Committee which will advise him, formed by the Vice Governor, the Manager and Officials who through Internal Rules will be included in said Committee. The organization and distribution of internal responsibilities within the Central Bank, as well as those of the Executive Committee will be determined through the Internal Rules.

b. Governor.

1. Appointment. The Governor will be appointed by the President of the Republic, for a period of two (2) years, which can be renewed. Those nominated for this post can only be Dominicans, older than 35 years of age, with a university degree, with comprehensive training in monetary and financial subjects and with a sound personal reputation. Applicable to this effect is that stated under Article 11, literal d) of this Law, regarding causes for disqualification and incompatibility.

2. Dismissal. The Governor can only be dismissed when one of the dismissal causes stated under Article 11, literal d) of this Law regarding the Members of the Monetary Board for a specific period of time occurs, or when the specific norm of incompatibility established under ordinal 3) of this Article is infringed. Dismissal must be agreed upon unanimously by the rest of the members of the Monetary Board which will be convened in this case by the Secretary of State of Finance. Applicable in this case will be that stated under Article 11, literal e) of this Law.

3. Limitations. Exercise of the post of Governor is incompatible with any other professional activity, public or private, compensated or not,

with the exception of his belonging to the Monetary Board and teaching activity. Will not be able to form part of any board, society, body, agency, company, institute, or similar, public or private, with the exception of those relevant to his functions. Before taking office, and every year, must submit a Sworn Statement of Net Worth referred to under Article 12 of this Law. At the end of his activities, provisions under Article 12 of this Law will be applied to the Superintendent (1/).

1/ Translator's note: I believe this should refer to the "Governor" not the "Superintendent".

4. Area of Responsibility. Guidelines, Internal Rules and Circulars of the Central Bank will be agreed upon and issued by the Governor. The authority to issue form letters may be delegated to the Vice Governor, the Manager and officials, in accordance with an Internal Rule which will govern delegation of duties. The Governor may at any time take over any delegated subject.

c. Vice Governor

1. Appointment. The Central Bank will have a Vice Governor who will be appointed by the President of the Republic, for a period of two (2) years, which can be renewed. To be appointed Vice Governor it will be required to have performed duties within the Central Bank or the Superintendence of Banks for a period of not less than three (3) years. The Vice Governor can only be dismissed when one of the dismissal causes stated under Article 11 of this Law regarding members of the Monetary Board for a specific period of time occurs or when the specific guideline of incompatibilities stated in that Article is breached. Provisions under Article 12 of this Law apply to the Vice Governor. The same causes of disqualification and incompatibility applied to the Governor apply to the Vice Governor.

2. Terms of Reference. The Vice Governor will be responsible for the following: (i) Substitute the Governor when he is absent or in the case of temporary disability and exercise his duties with all the

responsibilities inherent to his post; (ii) assist the Governor in the study and dealing with matters related to his post; (iii) act as alternate or substitute Governor representing the Dominican Republic before International Organizations in which the country is a member, as long as the representation has been assigned to the Central Bank; (iv) attend in representation of the Governor the sessions of Boards or managing bodies when thus requested by the Governor; (v) assume, upon request of the Governor the functions of any official of the Central Bank; (vi) carry out any other function for which responsibility has been assigned by the Monetary Board or the Governor of the Central Bank.

d. Manager. Internal management of the Central Bank will be the responsibility of the Manager, who will be the chief of personnel of the Central Bank. The Manager, must be of well-known expertise in banking, will be appointed by the Monetary Board according to nominations of the Governor and will be subject to the provisions of Article 11 relative to causes of disqualification and incompatibility. The Manager will be responsible of suggesting to the Governor, for ulterior analysis by the Monetary Board, those modifications which he deems advisable for better organization and functioning of the Central Bank. Likewise, he is responsible for submitting to the Governor periodic information regarding the financial situation of the Bank, efficiency of the staff in fulfilling their duties, as well as manage Bank operations, ensuring in any case full compliance with this Law, Monetary Board Regulations and Central Bank Guidelines on issues related to the Central Bank and inform the Governor in case of non compliance. The Manager will sign the financial statements and will exercise the functions assigned to him by the Monetary Board and the Governor of the Central Bank. Applicable to the Manager will be the same causes of disqualification and incompatibility applicable to the Governor. When the Manager ceases in his functions, prohibition of activities or indemnity referred to under Article 12 of this Law will not apply.

e. Comptroller. There will be a Central Bank Comptroller, who must be an Authorized Public Accountant, an expert with experience in

banking management and well-known moral integrity. To be chosen by the Monetary Board through public bidding. Persons who fall in the categories of one or several of the disqualification and incompatibility causes established under Article 11 of this Law will not be elected. The Central Bank Comptroller may be dismissed by decision adopted by two thirds (2/3rd) of the members of the Monetary Board. He will be responsible for monitoring and control of all operations and accounts of the Central Bank through inspections and conciliations. In addition, will ensure compliance with the Regulations issued by the Monetary Board, as well as compliance with the policies, administrative controls and Internal Rules of the Central Bank, having access to all its records, without exception. Will submit reports directly to the Monetary Board with the periodicity established by it and at any time when cases of abnormalities or non compliance on the part of the Central Bank.

The Comptroller will sign the Central Bank's financial statements. Applicable to the Comptroller will be the same causes of disqualification and incompatibility applicable to the Manager but prohibition of activities or indemnity referred to under Article 12 of this Law will not apply.

SECTION V

OF THE SUPERINTENDENCE OF BANKS

Article 18. Nature.

The Superintendence of Banks is a public law entity, of Public Law, with legal personality of its own. It has its domicile in its Headquarters in Santo Domingo, National District, Capital of the Dominican Republic, having the authority to open other offices within the national territory.

The Superintendence of Banks is exempt of all kinds of taxes, rights, rates or contributions, national or municipal, and in general, of the tax burden that would have a bearing on its assets or operations. Likewise, the Superintendence of Banks will also enjoy postal and telegraphic franking privileges. Will contract acquisition of goods and services necessary for its operations in accordance with general principles of public hiring and in particular in accordance with the principles of publicity, competition and transparency, in accordance with the Regulations issued by the Monetary Board.

Article 19. Terms of Reference.

The Superintendence of Banks has the responsibility of: implementing, with full operational authority, the supervision of financial brokerage agencies for the purpose of verifying compliance on the part of said institutions with the provisions of this Law, Regulations, Guidelines and Circulars; request establishment of provisions to cover risks; demand normalization of non compliance of legal and regulatory provisions in force; impose corresponding sanctions, with the exception of those imposed by the Central Bank by virtue of the present Law. It will also be responsible for the approval or rejection of financial institutions to be evaluated by the Monetary Board. Without detriment of the authority of the Monetary Board to issue guidelines and its regulatory initiative, the Superintendence of Banks may propose to said Agency regulation projects on issues relevant to its scope of authority. The Superintendent of Banks has internal regulatory power of a self-organizing nature with the approval of the Monetary Board, as well as subordinate regulatory power to develop, through guidelines, that established in the Regulations related to subjects relevant to its scope of competence.

Article 20. Proprietary Regime, Accounting and Financial Statements

a. Equity and Budget. The Superintendence of Banks has its own un-attachable equity and encumbered exclusively for the fulfillment of

its objectives. It develops its own annual budgets in which it will estimate the cost of general monitoring per fiscal year. The Superintendence of Banks' budgets will be approved by the Monetary Board.

b. Monitoring and Accountability. The Superintendence of Banks is subject to monitoring by its Comptroller to the audit and annual certification of an external audit firm of international prestige and annual rendering of accounts before the Executive Power and the National Congress, through the Superintendent by submitting the corresponding Annual Report during the first legislature of every year.

c. Accounting. The Superintendence of Banks will prepare its financial statements and will keep accounting in accordance with international standards applicable to monitoring agencies in a manner statutorily determined by the Monetary Board. Fiscal year will consist of one (1) calendar year.

d. Income. Income of the Superintendence of Banks will consist of quarterly contributions made by the institutions subjected to financial supervision. Said contributions represent one sixth (1/6th) of one per cent (1%) of total assets of each institution. The Monetary board, with a favorable vote of three fourths (3/4th) of its members, may modify said percentage in accordance with income needs to adequately perform its monitoring role.

Article 21. Organization

a. Management. The Superintendence of Banks will be managed by a Superintendent who is responsible for the direction and representation of said Body and will have an Executive Committee which will advise it, formed by the Intendant and by the officials that are included in said Committee by the Internal Rules. Organization and distribution of internal areas of responsibility within the Superintendence of Banks will be determined through the Internal Rules. The Superintendent of Banks must inform the Monetary

Board, at least once a month, about the major accomplishments of the Superintendence of Banks.

b. Appointment. The Superintendent will be appointed by the President of the Republic, for a period of two (2) years, which can be renewed. Those nominated for this post can only be Dominicans, older than 35 years of age, with a university degree, with comprehensive training in monetary and financial subjects and with a sound personal reputation. Applicable to this effect is that stated under Article 11, literal d) of this Law, regarding causes for disqualification and incompatibility.

c. Dismissal. The Superintendent can only be dismissed when one of the dismissal causes stated under Article 11, of this Law regarding the Members of the Monetary Board for a specific period of time occurs, or when the specific norm of incompatibility established under literal d) of this Article is infringed. Dismissal must be agreed upon by three fourths (3/4th) of the members of the Monetary Board which will be convened in this case by the Governor of the Central Bank. Applicable in this case will be that stated under Article 11, literal e) of this Law.

d. Limitations. Exercise of the post of Governor is incompatible with any other professional activity, public or private, compensated or not, with the exception of his belonging to the Monetary Board and teaching activity. Will not be able to form part of any board, society, body, agency, company, institute, or similar, public or private, with the exception of those relevant to his functions. Before taking office, and every year, must submit a Sworn Statement of Net Worth referred to under Article 12 of this Law. At the end of his activities, provisions under Article 12 of this Law will be applied to the Superintendent.

e. Area of Responsibility. Guidelines, Internal Rules and Circulars of the Superintendence of Banks will be agreed upon and issued by the Superintendent of Banks. The authority to issue Circulars may be delegated to the Intendant, the Manager and officials, in accordance

with an Internal Rule which will govern delegation of duties. The Superintendent of Banks may at any time take over any delegated subject.

f. Intendant. To be appointed Intendant it is required to have performed duties within the Central Bank or the Superintendence of Banks for a period of not less than three (3) years. The Intendant of Banks will be responsible for the following: (i) Substitute the Superintendent when is absent or in the case of temporary disability and exercise his duties with all the responsibilities inherent to his post; (ii) represent the Superintendent at the sessions of the Monetary Board in the case he is temporarily absent; (iii) assist the Superintendent of Banks in the study and dealing with matters related to his post; (iv) attend in representation of the Superintendent of Banks meetings and events of any nature when requested by the official; (v) assume, upon request of the Superintendent of Banks the functions of any official of the Superintendence of Banks in the case of temporary absence of same; (vi) carry out any other function assigned or delegated by the Superintendent of Banks.

The Intendant will be appointed by the Monetary Board, for a period of two (2) years, from a list of three (3) persons submitted by the Superintendent and with the vote of two thirds (2/3rd) of the members of the Monetary Board, being able of being reelected for a similar period. He can only be dismissed when one of the dismissal causes stated under Article 11 of this Law regarding the Members of the Monetary Board for a specific period of time occurs, or when the specific norm of incompatibility established under said Article is infringed, demanding that dismissal be agreed upon by two thirds (2/3rd) of the members of the Monetary Board which in this case will be convened by the Governor.

The Intendant is subject to provisions of Article 12 of this Law. The same causes for disqualification and incompatibility that apply to the Superintendent will apply to the Intendant.

g. Manager. Internal management of the Superintendence of Banks will be the responsibility of the Manager, who will be the chief of personnel of the Superintendence of Banks. The Manager, must be of well-known expertise in banking, will be appointed by the Monetary Board according to nominations of the Superintendent and will be subject to the provisions of Article 11 relative to causes of disqualification and incompatibility. The Manager will be responsible for suggesting to the Superintendent of Banks, for ulterior analysis by the Monetary Board, those modifications which he deems advisable for better organization and functioning of the Superintendence. Likewise, he is responsible for submitting to the Superintendent periodic information regarding the financial situation of the Superintendence, efficiency of the staff in fulfilling their duties, as well as manage Superintendence operations.

The Manager will sign the financial statements and the profit and loss statements together with those officials determined by the Monetary Board and will exercise the functions assigned to him by the Monetary Board and the Superintendent of Banks. Applicable to the Manager will be the same causes of disqualification and incompatibility applicable to the Superintendent. When the Manager ceases in his functions, the prohibition of activities and indemnity referred to under Article 12 of this Law will not apply.

h. Comptroller. There will be a Superintendence of Banks Comptroller, who must be an Authorized Public Accountant, an expert with experience in banking management and well-known moral integrity. To be chosen by the Monetary Board through public bidding. Persons who fall in the categories of one or several of the disqualification and incompatibility causes established under Article 11 of this Law will not be elected. The Superintendence of Banks Comptroller may be dismissed by decision adopted by two thirds (2/3rd) of the members of the Monetary Board. He will be responsible for monitoring and control of all operations and accounts of the Superintendence of Banks through inspections and conciliations. In addition, will ensure compliance with the Regulations issued by the Monetary Board, as well as compliance

with the policies, administrative controls and Internal Rules of the Superintendence of Banks, having access to all its records, without exception. Will submit reports directly to the Monetary Board with the periodicity established by it and at any time when cases of abnormalities or non compliance on the part of the Superintendence of Banks.

Applicable to the Comptroller will be the same causes of disqualification and incompatibility applicable to the Manager but prohibition of activities or indemnity referred to under Article 12 of this Law will not apply.

SECTION VI

OF MONETARY AND FINANCIAL TRANSPARENCY

Article 22. Monetary Transparency.

The following information will be made available to the public by the Central Bank:

- a. Monthly Balance Sheet of its accounts, which must be published not later than the fifteenth (15th) day of the month following to which the information refers to.
- b. Annual Audited Financial Statements, which are to be published before April thirty (30) following the date of the closing of the corresponding year.
- c. A Summary of the Monetary Program which will include at least the objectives and policies, within thirty (30) days following its approval.
- d. Quarterly Report of Dominican Economy together with a brief regarding Implementation of the Monetary Program.

- e. A summary of the Annual Report submitted to the Executive Power and the National Congress during the first legislature of the year.
- f. A Newsletter containing the Monetary and Financial Regulations and Central Bank's Guidelines.
- g. A Newsletter containing the Resolutions issued by the Monetary Board and Central Bank Circulars of general interest, without detriment of necessary notification to interested parties.
- h. A Quarterly Newsletter including main economic, monetary and financial statistics of the Dominican Republic.
- i. Any other information which may be relevant to keeping an adequate level of transparency of its operations.

Article 23. Financial Transparency.

The following information will be made available to the public by the Superintendence of Banks:

- a. Annual Audited Financial Statements, which are to be published before April thirty (30) following the date of the closing of the corresponding year.
- b. A summary of the Annual Report submitted to the Executive Power and the National Congress during the first legislature of the year.
- c. A Newsletter containing Circulars of the Superintendence of Banks which are of general interest without detriment of necessary notification to interested parties as well as Guidelines of the Superintendence of Banks.
- d. A Quarterly Newsletter which compiles main statistics of financial

brokers, including in an illustrative but not limitative the Financial Statements and main indicators of said agencies.

e. Any other relevant information that provide an adequate level of transparency of its operations.

TITLE II

OF THE REGULATION OF THE MONETARY SYSTEM

SECTION I

OF THE CURRENCY AND MONETARY EMISIÓN

Article 24. Currency Legal Regime.

Local currency, as is defined in the Constitution of the Republic, and denominations in circulation, is the only legal tender with full releasing effect for all private and public obligations, throughout the national territory. Will be represented in bills and coins being its releasing effect that corresponding to its face value. The bills will have the signature, in facsimile, of the Governor of the Central Bank and the Secretary of State of Finance.

Monetary debts will be paid in the currency agreed upon, and in the case an expressed agreement has not been made, in local currency. Accounting for official purposes of public and private institutions will be expressed exclusively in terms of a unit of local currency, which will be divided in one hundred (100) cents.

Monetary and financial operations will be carried out under free market conditions. Interest rates for transactions in local and foreign currency will be freely determined by market agents.

Article 25. Monetary Emission.

a. Emission Authority. Emission of bills and coins representative of local currency is of the exclusive authority, and one which cannot be delegated, of the Central Bank, which will determine the amounts of bills and coins in circulation. The Central Bank is responsible for satisfying the demand of bills and coins representative of the local currency circulating in the country, with the objective of guaranteeing normal development of economic transactions. Demand must be timely met and with bills and coins of optimum quality, for which the Central Bank must rely on procedures that take into account international standards on the matter.

b. Exchange and Withdrawal. The Central Bank will withdraw from circulation the bills and coins deteriorated by use by exchanging them for others apt for circulation. However, the Central Bank will not be obliged to exchange bills and coins whose identification is not possible, bills which have lost over two fifths (2/5th) of their face, as well as those which have been used to write on them any type of legend, and coins which have signs of filing, cuts or holes, or that present any other type of imperfection not produced by natural wear and tear, withdrawing the Central Bank, without any compensation, those bills and coins and proceeding with calling in of the currency and registration in the general reserve account. The Monetary Board will statutorily determine the way to destruct said bills and coins withdrawn from circulation, through procedures that guarantee total control and security over the complete destruction of same. The metal resulting from the coins melted may be sold by the Central Bank and profit from the sale will be registered as income.

c. Denominations. The Monetary Board will determine in accordance with the Law the denominations of bills and coins of legal tender and its characteristics, as well as calling in of currency in circulation. Changes or withdrawal of currency must be informed to the public in general with enough time to adequately warn the population.

d. Legal Protection. It is prohibited to all natural persons or companies, national or foreign, the emission, reproduction, imitation, counterfeiting, or total or partial simulation of bills and coins of legal tender, by any means, support or representation form, without detriment to that established under literal a) of this Article. Those who do not comply with that stated in this literal will be sanctioned by the Central Bank, with independence of the criminal sanction that may correspond, by confiscation of bills and coins reproduced, imitated, counterfeited, or simulated, as well as the profit from previously stated infringements and a fine in an amount equal to ten (10) times the face value those bills and coins would have if they had been legally issued.

The Monetary Board will issue a Regulation to prevent and sanction violations to this literal.

SECTION II

THE MONETARY PROGRAM AND MONETARY POLICY INSTRUMENTS

Article 26. Monetary Program and Monetary Policy Instruments.

The Central Bank will implement monetary policy based on the Monetary Program, taking into account the objective of monetary regulation established under Article 2, literal a) of the present Law. Said Program will include in an explicit way the objectives and goals expected for the period in question, as well as the policy measures and actions that are considered necessary to ensure its compliance. The Monetary Board will approve the Monetary Program, upon proposal of the Central Bank, within thirty (30) days after promulgation of the Income Budget and Public Spending Law of the year corresponding to its implementation and in any case not later than December 31st of each year. The Monetary Program will be reviewed at least on a quarterly basis. The Central Bank will

implement the monetary policy using the following market instruments and mechanisms:

a. Open Market Operations. The Central Bank may carry out open market operations exclusively with financial broker institutions and institutional investors. Such operations, in any of the normal market modalities, will be carried out, will be guaranteed or will be collateralized only with public debt bonds or with bonds issued by the Central Bank, whatever its terms, currency and conditions of emission. The Central Bank may issue securities to implement open market operations, prior authorization of the Monetary Board. When the Central Bank purchases public debt bonds for its open market operations must do it exclusively in the secondary market with bonds issued at least one (1) year before the operation, unless it refers to those described under Articles 16, literal e) and 82 of this Law.

b. Legal Reserve. Financial brokers will be subject to legal reserve, understanding this as the obligation to maintain in the Central Bank or wherever the Monetary Board determines, a percentage of the totality of the funds collected from the public through any modality or instrument, whether they are in local or foreign currency. The obligation to maintain reserves may be statutorily extended to other passive, contingent or service operations, if the Monetary Board so decides. Non compliance with the legal reserve obligation will result in the corresponding sanction foreseen under Article 67, literal c) of this Law.

1. Scope. The Monetary Board will determine the legal reserve policy. In particular, it will establish the composition of the reserve according to the currency in which the funds are denominated, the percentage, the calculation base, the calculation period, the ranking with admissible intra-period compensation criteria, eventually its compensation and the limits to the intensity or frequency of reserve shortfalls. The activities of financial brokers are obliged to permanently keep legal reserves liquid.

2. Legal Nature. Funds deposited in the Central Bank cannot be embargoed. For all legal purposes funds deposited in legal reserve accounts of the Central Bank constitute, with respect to the agency obligated to keep them, separate allocation equity destined exclusively to comply with a regulatory objective. Such funds will also be subject to payments on account of liquidation of the payment system and to charges on account of the sanctions that both the Central Bank as well as the Superintendence of Banks, impose on the corresponding institution.

c. Other Instruments and Mechanisms. The Monetary Board, with the favorable vote of two thirds (2/3) of its members, may establish other instruments and mechanisms of monetary policy, as long as these are indirect and market.

SECTION III

PAYMENT AND COMPENSATION SYSTEM AND INTERBANK MARKET

Article 27. Payment and Compensation System and Interbank Market

a. Payment and Compensation System. The payment and compensation system in checks and other payment means is a public service of exclusive entitlement to the Central Bank. Regulation and organization of the functioning of the compensation and payment system on the part of the Monetary Board will have as basic objectives to ensure immediacy and bring payment to a successful conclusion, being able to establish several subsystems, using as a reference international standards on the matter. All financial brokers will be compelled to ascribe to said system and no multilateral systems for compensation and liquidation of payment means can be organized outside that foreseen in this Article. The Central Bank is responsible for the supervision and final liquidation of the payment

and compensation system. Material rendering of services may be granted to private institutions, in the manner statutorily determined by the Monetary Board. By no means can the Central Bank cover a negative position of a financial broker, regardless of how transitory it may be.

The Monetary Board may establish a collective guarantee regime or adequate guarantees for participants. Reserve accounts and other funds deposited by financial brokers at the Central Bank, will be used as a current account for the compensation and payment system, in accordance with that determined by the Monetary Board.

b. Interbank Market. The Central Bank will provide adequate follow-up to operations of the interbank market. Financial brokers will be obliged to provide information required by the Monetary and Financial Bureau in order to guarantee the transparency of the interbank market, as it may be determined by the regulations.

SECTION IV

EXCHANGE REGIME AND INTERNATIONAL RESERVES MANAGEMENT

Article 28. Free Convertibility.

The exchange regime will be based on free convertibility of local currency with other foreign currency. Economic agents may perform transactions in foreign currency under conditions freely agreed upon in accordance with general contract norms. The Central Bank, will not, in any case, establish that certain international exchange operations must be performed exclusively with it or under conditions that not ensure free determination of prices in the market. The Monetary Board, with a favorable vote of two thirds (2/3) of its members, for a pre-established period that cannot exceed one (1) year, may set temporary limits to short term foreign currency capital

inflow, in accordance with international standards and that they are equitable, non discriminatory and in good faith. The Central Bank will publish as frequently as necessary the market exchange rate for accounting and legal purposes.

Article 29. Exchange Intermediation.

Exchange intermediation represents the purchase and sale of foreign currency in a customary manner, foreign currency meaning bills and coins of foreign countries, regardless of denomination or characteristics, independently of the means of payment used to perform said purchase and sale, including in an illustrative but not limitative way, drafts, checks, payment orders, notes, remittances and transfers. Exchange intermediation can only be carried out by authorized financial brokers and Exchange Agents.

Article 30. Exchange Agents.

To become an Exchange Agent it is necessary to become a stock company organized in accordance with the Laws of the Dominican Republic, with the corporate purpose and exclusive customary activity of exchange intermediation under free market conditions within the national territory, as well as abroad under the modality of a remittance company. Exchange Agents must be previously authorized by the Monetary Board to act as such. For the purposes of its authorization and operation regime, Exchange Agents will be considered institutions subject to regulation in accordance with this Law, having the Monetary Board the obligation to establish its by-laws through Regulations, in which will be determined the necessary conditions for their authorization and functioning.

Article 31. Management of International Reserves.

The Central Bank will try to keep an adequate level of international reserves, with the objective of promoting monetary stability and confidence on macroeconomic policies.

Management of said reserves will focus on the criteria of security, liquidity and profitability in order to preserve value of same within the goal of the monetary policy.

Article 32. Central Bank's Foreign Exchange Operations.

The Central Bank in its foreign exchange operations may carry out:

a. Operations Typical of Central Banking. The Central Bank may obtain and grant financing and carry out operations typical of the nature of central banking, including those relative to placement of funds, in accordance with international agreements and practices, with other central banks, multilateral financial agencies or public or private financial institutions located abroad. When the operations are intended to obtain financing, they must be approved by the National Congress except currency exchanges carried out with the International Monetary Fund.

b. Purchase and Sale of Foreign Currency. The Central Bank may buy and sell foreign currency, securities expressed in foreign currency or other assets, under the terms and conditions determined by the Monetary Board, as well as carry out futures and any other operation typical of exchange markets, with financial agencies located abroad and those referred to under Article 29 of this Law, under conditions of free market, in accordance with free convertibility and under the type the Monetary Board determines in accordance with the regulations.

c. Correspondent. The Central Bank may act as agent or correspondent of other central banks and of banking and financial institutions located abroad; while at the same time may name such institutions as its agents or correspondents abroad. Also, could subscribe cooperation agreements with central banks, central banks associations or similar entities.

SECTION V

LAST RESORT MONEYLENDER

Article 33. Scope and Prohibitions.

a. Scope. The Monetary Board in accordance with the regulations will determine the circumstances under which the Central Bank may grant credit to financial agents with the objective of taking care of temporary liquidity deficiencies which are not caused by problems of financial stability. The amount of credit may be up to one and a half (1-1/2) times the paid-in capital of the institution and can be formalized through a guaranteed loan with securities, Central Bank deposits, or low risk portfolio, or through the purchase of bonds with a repurchase agreement or through purchase of low risk portfolio. The value of the collateral cannot be lower than one and a half (1-1/2) the amount of the loan. Term of said credit could be up to thirty (30) calendar days. Regulations will determine the maximum number of credits that could be granted to one institution and the interest rate, which will have a differentiated character with regards to the different regulatory objectives of this facility.

b. Prohibitions. Apart from the cases foreseen in the previous literal, the Central Bank will not be able to grant direct or indirect financing to financial agents, to other public or private agencies, nor individuals, with the exception of loans it could grant as an employer in accordance with relevant Internal Rules. The provisions of this article will not prevent the Monetary Board, as a last resort, with the favorable vote of two thirds (2/3) of its members, and as long as the Government has made every effort to obtain financing from other internal or external sources, may authorize the Central Bank to grant credit exclusively to the Central Government through loans or the acquisition of bonds, securities or documents representative of a debt. In order for this financing to the Government to be possible each of the following conditions must be met:

1. That the National Congress declares by Law a national state of emergency due to reasons related to security of the State or disasters resulting from a phenomenon of nature.
2. That said financing is obtained through one or several financial agents.
3. That the interest rate of the transaction is not lower than the market rate.
4. That the amount granted does not exceed two per cent (2%) of average current income of the Central Government during the previous three (3) calendar years and, in the case there are debts pending, that the total amount does not exceed three per cent (3%) of the average current income of the Central Government during the past three years, excluding securities referred to under Article 16, literal e) and Article 82 of this Law.

TITLE III

REGULATION OF THE FINANCIAL SYSTEM

SECTION I

FINANCIAL AGENTS

Article 34. Types of Financial Agents.

Institutions which perform financial brokerage may be of a public or private nature. In turn, private institutions could be of a stock or non stock nature. For the purposes of this Law, ALL PURPOSE BANKS and Credit Institutions will be considered as stock companies, the latter could be Savings and Loans Banks and Credit Corporations. Likewise, Savings and Loans Associations and Savings and Credit

Cooperatives which perform financial intermediation will be considered non stock institutions. Banks organized in accordance with legislation from other countries, which wish to perform brokerage services within the national territory will be subject to the provisions of Article 39 of this Law.

Article 35. Legal System.

Multiple Banks and Credit Entities which are organized and operate in accordance with the provisions of the Law will be governed by the provisions of this Title III, whereas Public Brokerage Agencies, Savings and Loans Associations and Savings and Credit Cooperatives which are authorized to act as brokers will be subject to the provisions of Title IV of this Law, as well as Sections V, VI, VII, VIII and IX of this Title III, as may be determined by the regulations. Financial agents will be subject to the following provisions regarding start and cessation of operations depending on their nature and the development Regulations of the present Law:

a. Prior Authorization. To perform as a financial agent, authorization must be previously obtained from the Monetary Board, which can only be denied due to legal reasons and not to opportuneness. Authorization will expire if six (6) months after having been granted the agent has not initiated its operations. It is also mandatory to obtain the corresponding prior authorization of the Monetary Board in the cases of merge, take-over, conversion of one type of institution to another, segregation, demerger, sale of stocks to other entities which represent a percentage higher or equal to thirty per cent (30%) of the paid-in capital, conveyance of the totality or a substantial part of the assets and liabilities, as well as opening of branches and agencies of local banks abroad and representation offices of foreign financial agents in the national territory. In each case a prior opinion from the Superintendence of Banks will be required. Opening of branches and agencies in the national territory, as well as their transfer and closing, will require prior authorization of the Superintendence of Banks.

b. Initial Operating Limitations. The Monetary Board may establish operation limitations to new entities regarding opening of branches, maximum organization expenditures, dividends and other aspects to guarantee prudence in the initial expansion of the institution. Such limitations cannot exceed the term of five (5) years from the date authorization is granted and these under no circumstances can refer to interest rates, commission and surcharges which will be those freely agreed upon with no more limitations than those derived from general contracting norms and transparency rules and consumer protection foreseen in this Law.

c. Extinction. Financial brokerage institutions will have an unlimited duration and will not be able to end their operations without prior approval from the Monetary Board. Its liquidation must be carried out in accordance with the procedure established under Section VIII of this Title. Provisions applicable to bankruptcy of stock companies will only be applicable with regards to the residual balance referred to under Section VIII of this Title. Liquidation of financial brokerage institutions which are not of a stock nature will be governed by special laws, by regulations issued by the Monetary Board, and by Common Law norms which may be applicable.

SECTION II

ALL PURPOSE BANKS AND CREDIT INSTITUTIONS

Article 36. Definitions.

For the purposes of this Law, financial brokerage institutions with a stock structure will be the following:

a. All Purpose Banks. All purpose banks are those institutions which may attract deposits from the public of immediate enforceability, demand or current account, and perform all types of operations

included within the general catalog of activities established under Article 40 of this Law.

b. Credit Institutions. Credit Institutions are those whose collections are made through savings and term deposits, subject to the provisions of the Monetary Board conditions agreed upon by the parties. Under no circumstances will those institutions attract demand or current account deposits. Credit Institutions will be divided in two (2) categories: Savings and Credit Banks and Credit Corporations and will be able to carry out operations included under Articles 42 and 43 of this Law. Credit Institutions will be governed by the following provisions:

1. The Monetary Board may establish specific differentiation regulations between the two (2) types of Credit Institutions established under this Law, which will be evaluated according to regulations, as long as situations of regulations unbalance are avoided which may result in trade-offs, so that the differences between minimum paid capitals in each case, are consistent with the number and type of operation that may be authorized, as well as permissible exposure.

2. The differentiated regulatory regime established by the Monetary Board for Credit Institutions among themselves, refers exclusively to the norms stipulated under Section IV under this Title and to the investment policy, and under no circumstances may it imply less relative requirement strictness than that established under this Law for All Purpose Banks.

Article 37. Authorization Requirements.

The authorization for All Purpose Banks and Credit Institutions to start operations will require submission to the Monetary Board of an opinion of the Superintendence of Banks, regarding the basis of the documentation filed by the requesting institution, verifying:

a. That the consolidated equity of requesting shareholders is equal or higher than the amount of minimum capital required for incorporation of the institution.

b. That founding members demonstrate prior experience in financial matters. In any case they must form a team of executives and officials who must have expertise in handling the various areas of a financial institution. To this effect, during the first three (3) years of operation of said institution, curriculum vitae of the persons occupying executive and managerial posts must be submitted every six months for the knowledge and evaluation of the Superintendence of Banks. After the first three (3) years, the curriculum of those persons who are appointed to executive and managerial positions of the institution must be submitted every time a change occurs.

c. There must not be included in the By-laws and incorporation papers required, illegal agreements and provisions, abusive or that in any way seriously damage the rights of minority shareholders or contain excessive limitations regarding decision making control. Any ulterior modification to the by-laws must be previously authorized by the Superintendence of Banks.

d. That they have complied entirely with the requirements provided under this Law, as well as any other provided under relevant general legislation or regulations of the Monetary Board.

Article 38. Norms of Association.

a. Type of Association. All Purpose Banks and Credit Institutions will necessarily be incorporated as stock companies which will be governed by the provisions of this law and its regulations. The provisions under the Commercial Code with regards to stock companies, for the purposes of this Law, will only apply with regards to that not specifically provided for herein.

b. Objective and Designation. All Purpose Banks and Credit Institutions will have an exclusive corporate purpose to carry out

financial brokerage activities, in accordance with the provisions of this Law and its firm name will include the designation "All Purpose Bank" or that corresponding to Credit Institutions, that is, "Savings and Credit Bank" and "Credit Corporation", as the case may be. No other individual or corporation may use said designations in their firm's name or commercial name, which are reserved by Law respectively to All Purpose Banks and Credit Institutions. The exclusive corporate purpose will necessarily coincide with the scope that this Law provides for and the authorization granted by the Monetary Board for each case. The Superintendence of Banks will keep a register of these institutions and their by-laws. These may not use in their firms' name any term that may lead to believe they are institutions that enjoy state or public guarantees.

c. Minimum Paid-in Capital. All Purpose Banks and Credit Institutions will have a minimum paid-in capital determined by the Monetary in accordance with the regulations, which can never be lower than ninety million pesos (RD\$90,000,000.00) in the case of All Purpose Banks; eighteen million pesos (RD\$18,000,000.00) for Savings and Credit Banks; and five million pesos (RD\$5,000,000.00) for Credit Corporations plus the inflation index of each year.

Minimum paid-in capital will be similar for institutions of the same type and will be represented by common registered shares, understanding that all shares will have the same social and economic rights. The Monetary Board may allow preferred stock as part of the paid-in capital of said institutions, in which case it will statutorily establish the features of the instrument, conditions and limitations for its issuance. Preferred stock may not in any case grant its holder greater right to vote than common stock, nor receive advance payment of dividends or independently of the outcome of the fiscal year. The paid-in capital will be entirely subscribed and paid in cash. For the purposes of opening a new institution, documentation to vouch for the veracity and source of the amount invested must be submitted to the Superintendence of Banks, which must be transitorily deposited in the Central Bank for the implementation of the initial investment plan. Said resources may be used for the

acquisition of fixed assets and installation and initial operating expenditures. The By-laws may require a minimum holding of shares to be able to vote in the General Shareholders Meeting, which cannot exceed zero point zero one per cent (0.01%) of minimum capital stock. Provisions regarding minimum holdings cannot limit agreements between shareholders to achieve same. Paid-in capital cannot be reduced without the previous authorization of the Superintendence of Banks, without detriment to minimum capital. Payment of dividends will be subject to compliance with certain requirements which will be established by the regulations.

d. Limitations to the Condition of Shareholders. Those persons to whom are applicable the disqualifications established under literal f) of this article cannot be shareholders of the financial agents described under this Section, with a significant participation of its own nor by an interposed individual or legal entity. Acquisition of shares which violates that established under this paragraph will be invalid and the financial entity will proceed with its alienation within a term not to exceed fifteen (15) days from the date of purchase.

e. Significant Participation. The acquisition of shares representative of more than three per cent (3%) of paid-in capital, or carrying out of operations which directly or indirectly determine control of more than three per cent (3%) of paid-in capital of All Purpose Banks and Credit Institutions must be notified to the Superintendence of Banks. Such institutions must keep a registry of shareholders to know at all times the exact stock composition of same, based on the procedure determined by the regulations.

f. Management. The Board of Directors or Management will be formed by a minimum of five (5) individuals. The Board of Directors must have statutorily all management and representation powers of said financial agent, without detriment of the delegations it might make. Prevented from being members of the Board of Directors and from exercising management or control functions are those who are working for the Monetary and Financial Bureau, those who were directors

or managers of a financial agent, national or foreign, during the last five (5) years prior to the date in which the institution had the authorization revoked to operate due to a sanction or has violated in a repeated manner the regulatory norms and recuperation plans or has been subject to a forced dissolution or liquidation process or declared bankruptcy or incurred in procedures of a similar nature; those who have been sanctioned due to a very serious violation of the norms in force with the separation of post and disqualification to carry it out; those sanctioned due to violation of securities market regulations; those who are insolvent; those who have been members of the board of directors of an institution prior to a salvaging operation on the part of the State; those condemned for a crime of an economic nature or laundering of assets; and those legally disqualified or have been removed from their posts in the Monetary and Financial Bureau under the contingencies provided under Articles 11, 17 and 21 of this Law. At least forty per cent (40%) of the members of the Board of Directors or Managers must be professionals with expertise in financial matters or persons well accredited on economic, financial or entrepreneurial matters.

The Superintendence of Banks will organize a Registry of the members of the Boards of Directors and high executives of these institutions.

Article 39. Participation of Foreign Investment in Financial Brokerage and Representation Offices.

The Monetary Board will determine by way of Regulations the requirements and conditions for banks and other financial institutions organized in accordance with other countries' legislation, and so that individuals and corporations located abroad, may participate in financial brokerage activities within the national territory, as well as the requirements and conditions that will govern opening of foreign bank representatives, complying with the following provisions:

a. Participation of Foreign Investment. Participation of foreign investment in activities of national financial brokerage may be carried out under four different types:

1. Through the acquisition of shares of existing All Purpose Banks and Credit Institutions, on the part of banks and other financial entities, as well as individuals.

2. Through the constitution of financial brokerage institutions of a stock nature, in accordance with the provisions of this Law.

3. Under the modality of affiliate, through the establishment of All Purpose Banks and Credit Institutions owned by banks and other financial institutions.

4. Through the establishment of bank branches organized in accordance with the legislation of other countries.

The Monetary Board has the power to authorize that stated under numeral 1) of the present Article when said acquisition exceeds thirty per cent (30%) of the paid-in capital of the institution in question. Likewise, the Monetary Board is empowered to authorize the activities referred to under numerals 3) and 4) as long as adequate coordination and exchange of information with the monitoring authorities of the country of origin are ensured. Once these institutions are authorized in accordance with that established under Article 35, literal a) of this Law, they will be subject to the same norms and requirements applied to national institutions.

b. Representation Offices. Foreign banks not domiciled in the national territory may open representation offices in the Dominican Republic, as may be determined by the Regulations. Under no circumstances can the representation offices carry out financial brokerage activities.

SECTION III
OPERATIONS OF ALL PURPOSE BANKS AND CREDIT
INSTITUTIONS

Article 40. Operations and Services of All Purpose Banks.

All purpose banks may carry out the following operations and services:

- a. Receive demand deposits in local currency and savings and term deposits in local and foreign currencies.
- b. Issue titles – securities.
- c. Receive loans from financial institutions.
- d. Issue drafts, payment orders, transfers, against their own offices or correspondent bank, and carry out collections, payments and transfers of funds.
- e. Grant loans in local and foreign currency, with or without collateral, and grant lines of credit.
- f. Discount drafts, bills of exchange, notes, and other commercial papers representing supply of credit.
- g. Acquire, assign, or transfer commercial instruments, titles-securities, and other instruments representative of liabilities, as well as enter into repurchase contracts on same, as may be determined by the Monetary Board through the regulations.
- h. Issue credit, debit and charge cards in accordance with legal provisions governing the matter.
- i. To accept, issue, negotiate and confirm letters of credit.

- j. Assume monetary obligations, grant warranties and guaranties to guarantee compliance of specific liabilities of their customers.
- k. To accept term drafts resulting from goods and services trade operations.
- l. Enter into contracts of any type of by-products.
- m. Carry out foreign exchange purchase/sales operations.
- n. Establish correspondent services with banks abroad.
- o. Receive into custody securities and goods and offer safe deposit box services.
- p. Carry out financial leasing operations, invoice discounts, management of automatic tellers.
- q. Insure housing mortgage loans with the "Seguro de Fomento de Hipotecas Aseguradas (FHA) [Insured Mortgage Development Insurance] issued by the Banco Nacional de la Vivienda [National Housing Bank] or its legal continuer, as may be statutorily determined by the Monetary Board.
- r. Serve as originator or securities regulator of credit card and mortgage loan portfolios in the process of securitization.
- s. Act as manager of a securitized portfolio on account of securities issuers of national origin.
- t. Serve as third party financial agent.
- u. Provide counseling services to investment projects.
- v. Provide technical assistance for economic, administrative and companies organization and management feasibility studies.

w. Carry out other operations and services demanded by new banking practices in the manner that may be determined by the regulations. The Monetary Board will enjoy interpretative regulatory power to determine the nature of new instruments or operations that may arise as a consequence of new practices and that may be carried out by All Purpose Banks.

Article 41. All Purpose Banks Investments

a. Support and Related Services Institutions. All Purpose Banks may invest up to twenty per cent (20%) of its paid-in capital subject to that stipulated under Article 46, literal a) of this Law, in support and related services institutions. Support institutions will be considered those which are devoted exclusively to carrying out collection services, invoice discounts, leasing, automatic teller managing, affiliation and processing of credit cards, exchange agents, electronic data processing, credit information centers, and similar services. Mutual funds administrators and stock exchange posts will be considered related services institutions. The Monetary Board will determine which other institutions will be considered as bank support or related services. These institutions cannot finance themselves under any circumstances with deposits received from the public.

The Superintendence of Banks will keep a record of support and related services institutions, with as much information as necessary to know their risks and possible economic links with financial entities. These entities will only be subject to the supervision of the Superintendence of Banks in the cases in which supervision is called for on a consolidated base in accordance with Article 58 of the present Law. The only purpose of this supervision will be to know the equity situation of the stock financing agent in question, as far as it is necessary to know the capital requirements on a consolidated base, in the manner determined by the regulations.

b. Non-Financial Companies. All Purpose Banks may invest in the capital of non-financial companies up to ten per cent (10%) of its paid-in capital, as long as said investment does not constitute ownership of more than ten per cent (10%) of the paid-in capital of each non-financial company in which investment is made.

c. Financial Entities Abroad. All Purpose Banks may invest up to twenty per cent (20%) of its paid-in capital, subject to that stipulated under Article 46, literal a), on the opening of branches, agencies or representation offices abroad, as well as invest on shares of financial entities abroad. The Monetary Board, with the favorable vote of three fourths (3/4) of its members and after two years of the publication of this Law, may modify the reasonable limits established under this Article.

Article 42. Savings and Credit Banks Operations.

The Savings and Credit Banks can only perform the following operations:

- a. Receive savings and term deposits in local currency.
- b. Receive loans from financial institutions.
- c. Grant loans in local currency, with or without collateral, and grant lines of credit.
- d. Issue securities.
- e. Discount drafts, bills of exchange, notes and other commercial papers that represent supply of credit.
- f. Acquire, grant or transfer negotiable instruments, securities and other instruments representative of liabilities, as well as enter into repurchase agreements on same.

- g. Issue credit, debit and charge cards in accordance with the legal provisions governing the matter.
- h. Carry out collections, payments and transfer of funds.
- i. Accept term drafts arising from commercial operations of goods and services in local currency.
- j. Enter into contracts of any type of by-products in local currency.
- k. Serve as third party financial agent.
- l. Receive into custody securities and goods and offer safe deposit box services.
- m. Carry out financial leasing operations, invoice discounts, management of automatic tellers.
- n. Assume monetary obligations, grant warranties and guaranties to guarantee compliance of specific liabilities of their customers, in local currency.
- o. Provide counseling services to investment projects.
- p. Provide technical assistance for economic, administrative and companies' organization and management feasibility studies.
- q. Carry out foreign exchange purchase/sales operations.
- r. Contract obligations abroad and grant loans in foreign currency, prior authorization of the Monetary Board.
- s. Insure housing mortgage loans with the "Seguro de Fomento de Hipotecas Aseguradas (FHA) [Insured Mortgage Development Insurance] issued by the Banco Nacional de la Vivienda [National Housing Bank] or its legal continuer, as may be statutorily determined by the Monetary Board.

t. Serve as originator or securities regulator of credit card and mortgage loan portfolios in the process of securitization.

u. Act as manager of a securitized portfolio on account of securities issuers of national origin.

v. Carry out other operations and services demanded by new banking practices in the manner that may be determined by the regulations. The Monetary Board will enjoy interpretative regulatory power to determine the nature of new instruments or operations that may arise as a consequence of new practices and that may be carried out by Savings and Credit Banks.

Article 43. Operations of Credit Corporations.

a. Receive term deposits in local currency;

b. Discount notes, bills of exchange, drafts, and other commercial papers representing liabilities in local currency;

c. Receive loans from financial institutions, in local currency.

d. Grant loans in local currency, without guarantees, with real estate guarantee or chattel mortgage or personal security.

e. Grant loans in local currency with guarantee of certificates of term deposits or other securities;

f. Carry out assignments of credit in local currency;

g. Insure housing mortgage loans with the "Seguro de Fomento de Hipotecas Aseguradas (FHA) [Insured Mortgage Development Insurance] issued by the Banco Nacional de la Vivienda [National Housing Bank] or its legal continuer, as may be statutorily determined by the Monetary Board.

- h. Carry out foreign exchange purchase/sales operations.
- i. Carry out other operations and services demanded by new banking practices in the manner that may be determined by the regulations. The Monetary Board will enjoy interpretative regulatory power to determine the nature of new instruments or operations that may arise as a consequence of new practices and that may be carried out by Credit Corporations.

Article 44. Operations Subject to Prior Authorization.

All Purpose Banks and Savings and Credit Banks will need to have been previously authorized by the Superintendence of Banks, subject in any case to the provisions of this Title, to perform the following operations:

- a. Sell credit and goods portfolio whose value exceeds ten per cent (10%) of the paid-in capital of the institution in question, excluding goods received in recuperation of credits and investments in securities.
- b. Participate in securitization processes as originator or securities regulator or manager or acquire securities originating from portfolio or banking assets securitization.
- c. Participate in the capital of support and related services institutions and in the capital of foreign financial entities, as well as open representation agencies abroad, in the case of all purpose banks.

Article 45. Banned Operations.

All Purpose Banks and Credit Institutions will not be allowed to perform the following operations:

- a. Grant financing for subscription of shares, payment of fines or any

other type of securities issued by the entity or by entities economically linked to same, due to causes which bring about the supervision contingencies on a consolidated basis.

b. Accept as guarantee or acquire its own shares, except that in the alter case it is done to carry out an operation authorized to reduce its equity.

c. Acquire real estate which are not necessary for the use of the institution, with the exception of those acquired up to the limit allowed and in loan recovery.

d. Grant or transfer by any means, bonds, goods, credits or securities of the company or its shareholders, executives or employees or people associated, in accordance with the definitions set forth under this Law, or to companies or institutions controlled by these persons, under conditions lower than those prevailing in the market for similar operations.

e. To participate in the capital of other financial agents governed by this Law; in more than twenty per cent (20%) of the paid-in capital of foreign financial institutions, in branches, agencies or representation offices abroad; in more than twenty per cent (20%) of the paid-in capital of support institutions and related services, and in more than ten per cent (10%) of the paid-in capital of non-financial companies as long as the latter investment does not constitute ownership of more than ten per cent (10%) of the paid-in capital and reserves of each non-financial company in which the investment is made.

f. To participate in the capital of insurance companies, pension fund administrators and investment fund administrators.

g. To constitute guarantees or levies of a real nature on the portfolio, investments or total assets. Excepted from this ban are guarantees in favor of the Central Bank and guarantees for issuance of debt bonds.

h. Arrange triangulation pacts of operations with other institutions and simulate financial or lending service operations in contradiction of legal provisions in force.

SECTION IV

RULES OF REASONABLE CARE AND ASSET EVALUATION

Article 46. Equity Appropriateness.

All Purpose Banks and Credit Entities must maintain, at all times, the minimum level of technical equity capital required in connection with the assets and contingent operations weighted by the various risks, in the manner determined by the regulations. This level will also have to be required on a consolidated basis, in the cases when it is appropriate in accordance with the provisions of Section VI of this Title.

a. Technical Equity Capital. Technical equity capital of All Purpose Banks and Credit Institutions is the addition of primary plus secondary capital, deducting from said amount the following items: i) capital invested or allocated in other financial brokerage institutions, branches and agencies abroad, when it is not included in a statement on a consolidated basis; ii) capital invested in excess of the provisions established under Articles 41, literals a), b) and c) and 45 literal f); iii) capital invested locally in support and related services institutions, only when said investment turns the bank into the majority owner or controller of same and are not considered in a statement on a consolidated basis; and iv) accrued losses, fiscal year losses, non incorporated reserves, depreciation not carried out, and other items not charged to earnings, all of it in the manner and with the details established by the regulations.

b. Allocation. Accrued losses and those of the fiscal year, will be deducted, first from specific capital reserves, if any, and in its absence

from the remainder of the capital reserves, except from the legal reserve provided for in the Commercial Code, and if this is not enough, from paid-in capital.

c. Primary and Secondary Capital. Primary capital is formed by paid-in capital, legal reserve demanded by the provisions of the Commercial Code, retained earnings, reserve requirements, those voluntarily retained and stock bonuses based on criteria defined by the regulations. Secondary capital is formed by other capital reserves, allowances for assets' risk constituted above minimum requirements with a limit equivalent to one per cent (1%) of assets and weighted contingencies referred to under literal d) of this Article, debt instruments compulsorily transformable into stock, junior debt contracted for a period exceeding five (5) years and net earnings due to asset revaluation that are determined in accordance with the procedure established by the regulations.

The value of net earnings due to revaluation of assets cannot be distributed until the revaluated asset is realized. Secondary capital will be acceptable as part of the technical equity capital up to twenty five per cent (25%) of the addition of the components of primary capital, limit that the Monetary Board can gradually increase, with the favorable vote of three fourths (3/4) of its members, up to one hundred per cent (100%) of the addition of the components of primary capital after two (2) years of publication of this Law. If such limit is expanded, junior debt, whose maturity is higher than five (5) years, together with the net profit resulting from asset revaluation, can only compute up to fifty per cent (50%) of primary capital. Regulations will provide details of the provisions of this literal.

d. Asset Weighting and Risk Contingent. The regulations will determine the weighting criteria for the loan and investment portfolios and contingent operations on account of the risk they represent. To that end, the various risks groups, weighting factors by instrument and guarantees granted by the borrower, as well as other standard criteria in internationally accepted weighting practices, will be taken into account. The weights established will have the character

of minimums. Contingents which have their corresponding risks totally covered with special deposits or other types of effective coverage determined by the regulations will not be considered contingent for this purpose.

e. Current Ratio. Financial stability ratio between the technical equity capital and the assets and weighted contingents on account of the risk of All Purpose Banks and Credit Institutions will not be lower than a ratio of ten per cent (10%). After two (2) years of the publication of this Law, the Monetary Board with the favorable vote of three fourths (3/4) of its members may modify said ratio. Under no circumstances can the modification to this limit made in accordance to the regulations can result in a ratio lower than the international standard for similar countries. All Purpose Banks and Credit Institutions which do not comply with the current ratio will be considered in a situation of regulatory insolvency.

f. Other Equity Capital Adjustments. The regulations may establish additional technical equity capital demands in terms of exchange risks, rate of interest risks, liquidity risks, term risks, liabilities concentration risk, collateral risks, operating risks, legal risks and any other type of risks that may arise in the future. All Purpose Banks must keep overall ratios among its loans and deposits in foreign currency, as may be determined by the regulations.

Article 47. Exposure Concentration and Credit to Associated Parties.

All Purpose Banks and Credit Institutions will not be able to grant financing violating the provisions regarding concentration of credit and rules governing credit to associated parties. Granting of financing in violation of the limits established under this Article will empower the Superintendence of Banks to demand an increase in capital equivalent to the amount in excess, without detriment to the corresponding sanctions.

a. Exposure Concentration. All Purpose Banks and Credit Institutions will not be able to perform operations which imply direct or indirect financing of any nature, regardless of the legal form it adopts, nor grant any type of guarantees or backing, which on the whole exceeds ten per cent (10%) of the technical equity capital to a sole individual or company or risk group. Said limit may be increased up to twenty per cent (20%) of the technical equity capital if the operations are guaranteed with first lien mortgages or collateral under conditions similar to this and in the manner determined by the regulations of the Monetary Board. By risk group is understood two or more individuals or companies linked by ownership, management, family ties or control. The Monetary Board will determine the existence of risk groups.

b. Credit to Associated Parties. All Purpose Banks and Credit Institutions will not be able to grant credit, directly or indirectly, whatever the manner or the awarding instrument, for an amount higher than fifty per cent (50%) of the technical equity capital of the institution, to the assembly of shareholders, manager, directors, officials and employees of the institution, as well as their spouses, relatives within the second degree of kinship and first of affinity or companies controlled by them, in the manner determined by the regulations.

Exceptions are made of shareholders who own less than three per cent (3%) of the paid-in capital of the institution. The provisions of this literal will also apply to companies which, without a direct ownership relationship, directly or indirectly control the institution, as well as those which it might directly or indirectly control through relationships of ownership or management. After two (2) years of publication of this Law, the Monetary Board, with the favorable vote of three fourths (3/4) of its members, may modify the credit limits established under this Article.

Article 48. Fixed and Contingent Assets.

All Purpose Banks and Credit Institutions may keep or acquire the necessary fixed assets for the development of their operations, in the manner determined by the regulations, as long as its total net value does not exceed one hundred per cent (100%) of the technical equity capital. Assets that these entities may have received from credit recoveries, as well as those specifically acquired to carry out leasing operations financed by the bank will not be considered for the purposes of said limit. Supplementary assets obtained by the banks as a consequence of credit recovery will be governed by a regime to be determined through a regulation of the Monetary Board. All Purpose Banks and Credit Institutions may carry out contingent operations in terms of their levels of capital, as may be determined through regulations of the Monetary Board.

Article 49. Evaluation of Assets and Reserves.

All Purpose Banks and Credit Institutions will classify their assets subject to risk, that is, loan, investments and accessories portfolio, as well as its contingents, in order to create the necessary reserves to cover their risks, in accordance with a classification system determined by the Monetary Board on the basis of prevailing international standards. It will also determine through the regulations the rulings required for the rest of the assets.

Article 50. Liquidity Reserves.

All Purpose Banks and Credit Institutions will be subject to a system of legal reserve to be established by the Monetary Board, in accordance with that stipulated under Article 26, literal b) of this Law.

SECTION V

FINANCIAL TRANSPARENCY

Article 51. Documentation of Operations and Supply of Information.

Brokerage institutions will be obliged to document their operations in the manner determined by the regulations. Said documentation is to be kept for a period of ten (10) years after cancellation of the operation, on paper or when it is feasible through the use of computer procedures and optical files and any other means determined by the Monetary Board. In the case of credits and loans documentation of same must allow as minimum the supervision at all times of:

- a. Documents that demonstrate the capacity of debtors to generate enough cash flow for timely payment of its obligations in the corresponding currency within the term agreed upon, as well as those that may determine a change in the debtor's ability to pay.
- b. The guarantees contributed, actual condition of same, its rank and legal nature and the scope of the credit coverage in the case of non payment.
- c. The reports of the committee or internal body of risk analysis, the person or committee who granted it, its compliance with the bank's internal policy, deferrals granted and credit refinancing if any.
- d. Provisions made and any other circumstance that may be relevant for the classification of the credit.
- e. Any other information that may be required by the Monetary and Financial Bureau under the terms and conditions established by the regulations.

The Central Bank and the Superintendence of Banks must coordinate the supply of information on the part of financial agents to said bodies by virtue of the powers vested by this Law on each one of them, in order to avoid duplication.

Article 52. Information to the Public.

a. Business Hours. Financial agents must perform their operations with the public during the schedule to which they have committed themselves within the minimum established by the regulations. Any modifications to the business hours must be previously approved by the Superintendence of Banks.

b. Publication of Information. Financial agents must make public their financial statements through the means determined by the regulations. Also they must publish in a visible manner in the offices opened to the public the interest rates, expenditures and commissions applicable to various loans and deposits, calculated on an annual basis, as well as the exchange rate. Available to the public must also be the price of the various services offered to their customers. Collections related to items not expressly agreed upon by the parties are prohibited as well as the execution of verbal agreements.

c. Customers Claims Service. Financial agents must submit to the Superintendence of Banks copies of claims received from their customers due to violations of that provided under literal b) above. In accordance with Regulations issued by the Monetary Board, the Superintendence of Banks will organize a claims service in order to receive those made by bank customers regarding violations of that provided under the present Article and Article 53 of this Law and impose corresponding sanctions independently of relevant civil or criminal responsibility.

Article 53. Customer Protection.

Through Regulations the Monetary Board will determine the cases of abusive contracts regarding consumers and users rights of the services of financial agents. Violations to the provisions of said Regulations will be subject to disciplinary penalty, without detriment of the civil actions that may correspond to the aggrieved party. Said Regulations must contain precise norms regarding the following issues:

- a. Provisions to ensure that financial contracts reflect in a precise way the commitments contracted by the parties and the rights of same.
- b. Obligation to deliver to the customer a copy of the contract duly subscribed by the bank, in which the various items that form the actual cost of the operation will be detailed in the most segregated way possible, expressed in annual terms.
- c. Special norms regarding publicity of the various loans and deposits, with the objective of reflecting authentic financial conditions of same and to avoid misleading situations.

Article 54. Accounting, Financial Statements and Audit.

a. Accounting. Financial agents will be compelled to keep accounting of all their operations, in accordance with the accounting plan and accounting practices developed by the Superintendence of Banks following international standards prevailing on the subject of accounting. The Superintendence of Banks will also determine the frameworks to which the financial statements of such entities should conform to, establishing the frequency, the manner and details with which they must be submitted to the Central Bank and the Superintendence of Banks. Accounting will be closed annually, coinciding with the calendar year.

b. Financial Statements. Financial agents must submit to the Central Bank and the Superintendence of Banks the annual audited Financial

Statements the Management Letter of the external auditors on the dates determined by the regulations.

c. Audit. Financial statements must be audited by an external firm of auditors registered in a special registry which to that effect will be kept by the Superintendence of Banks which must be accompanied by their respective Management Letter. The regulations will determine the general and special requirements that audit firms must comply with to perform audits of financial agents. The audit report must include disclosures to complement the information contained in same. Branches or affiliates of foreign banks must also include an annual report of their headquarters and a periodical report from the monitoring agency of the country of origin, in the manner determined by the regulations.

Article 55. Internal Governance.

In accordance with minimum requirements to be established by the regulation, financial agents must have adequate risk monitoring systems, independent mechanism of internal control and clear and written procedures of its administrative policies.

a. Administrative Policies. Institutions must have up-to-date written policies with regards to granting of credit, investment regime, evaluation of asset quality, adequacy of reserves, and management of various risks. In addition, they must have an internal procedures manual, and develop written policies on information about the customer in order to evaluate his creditworthiness and to assist with compliance of the provisions that ban laundering money and other illicit activities.

b. Risks Control. Financial agents must count on an integral process that includes management of various risks to which they may be exposed, as well as adequate information systems and the necessary committees to manage said risks. They must have adequate systems to identify, measure, follow up, monitor and prevent risks in the manner determined by the regulations.

c. Internal Control. Financial agents will keep an internal control system adequate to the nature and scale of their activities, including clear and precise provisions for the delegation of power, responsibility framework and the necessary separation of roles with the corresponding code of ethics and conduct. Such controls must be monitored by an Internal Auditor.

Article 56. Risk Information System, Banking Secret and Abandoned Accounts.

a. Risk Information. The Superintendence of Banks will establish a Risk Information System in which all institutions subject to regulation will be compelled to participate, through the submission of information that is accurate to guarantee truthfulness and reliability of the data regarding debtors, with the level of segregation that may be necessary and the debtors classification considered necessary to be able to classify credit in a homogenous manner. Such risk information system will guarantee, in any case, limited use of the data base on the part of such institutions, for the sole purpose of knowing the risks of potential customers. The system will cancel on its own initiative or by request of the financial agent, the debts that have been cancelled and will keep the corresponding record for a period of not less than ten (10) years from the date of notification. Likewise, it will establish the necessary mechanisms to guarantee correct treatment of personal data to prevent its use for purposes different than those for which the system is created, and in particular for purposes that may be considered disloyal competition among financial agents.

b. Banking Secret. Besides the confidentiality obligation derived from sound banking practices and use, financial agents are legally compelled to keep in secret the deposits received from the public in segregated ways that reveals the identity of the individual. Personalized backgrounds on such operations can only be revealed to its holder or the person that this expressly authorizes through any of the authentic means admitted in Law. That provided in this Article is

understood without detriment to the information that must be submitted by virtue of legal norms to the tax authorities and to administrative authorities, or in compliance with the regulatory provisions to prevent laundering of assets. Information to be provided by bodies subject to regulation, both to the Tax Authorities as well as bodies in charge of compliance to prevent laundering of assets and criminal courts of the Republic, must be made on a case basis through the Superintendence of Banks, both with respect to receipt of the request for information as well as for the submission of same and as long as they are requested in compliance with the legal procedures for the substantiation of issues to be laid before a judge.

The obligation of the banking secret will not prevent submission of information required by the Superintendence of Banks and the Central Bank, in the manner established in the regulations. Violation of the banking secret under the terms of the present Article will be punished in accordance with the provisions of Articles 377 and 378 of the Penal Code.

c. Abandoned Accounts. Balances in current, savings, term, and special accounts, or accounts of any other nature, in financial institutions, with regards to which its holder had not made any acts of management, or disposition in such a way that it is obviously inactive for a period of ten (10) years, will be considered abandoned. If there are no claims over such resources within a period of six (6) months of its publication, the institution in question must transfer said resources to the Central Bank, where they will remain for an additional ten (10) years. Once these ten (10) years have elapsed and the resources have not been claimed, the Central Bank will transfer them to the Contingency Fund created by this Law. The Monetary Board will determine through a regulation the procedures for the transfer of resources referred to in this literal. Institutions must publish said accounts in a newspaper of wide circulation and inform the Superintendence of Banks about it, based on the guidelines determined by regulation by the relevant agency.

SECTION VI

SUPERVISIÓN

Article 57. Submission Obligation and Scope.

Financial agents will be, individually and on a consolidated basis, under the supervision of the Superintendence of Banks in the manner, form, scope and in accordance with the procedures determined by the regulations. Supervision may consist of desk analysis and field work. The Superintendence of Banks will establish at the beginning of each calendar year a general appraisal plan of the supervisions that must be carried out throughout the system.

a. Desk Analysis. The institutions subject to supervision will submit to the Superintendence of Banks as much information as is required, without any other limitations than those derived from the provisions of Article 56, literal b) of this Law, regarding name of depositors, in the time, manner and conditions determined by the regulations. Information requirement will be in addition to the obligation to submit annual audited financial statements. Requirements of information may be general for all financial agents or individual. Regulations will establish standardization systems to allow adequate treatment of information both for supervision as well as for statistical purposes. In particular, when the information is to be submitted in electronic form, the regulations will establish the technical requirements to allow a homogeneous lecture of all information submitted by the institutions.

b. Field Work. Financial agents and those who may be liable for sanctions due to serious violations of this Law, are compelled to allow and facilitate the inspection work at their own facilities on the part of banking supervisors, duly accredited by the Superintendence of Banks, who to that effect will have public authority. The Superintendence of Banks when circumstance call for it, may use the mechanism of delegated supervision. Field inspections will have the

objective of evaluating the various risks assumed by financial agents and the quality of its assets, in terms of required weighting and classifications, monitor the level of reserves that being required had not been constituted, evaluate the adequacy of the measures to prevent and cover risks and evaluate management and organization of the financial agent, analyze the composition of its liabilities, and in general carry out all actions necessary to acquire exact knowledge of the situation and degree of compliance with the regulatory norms applicable to the inspected agency, in terms, not only of the results of the field inspection but of all data held by the Superintendence of Banks.

Article 58. Supervision on a Consolidated Basis.

When a financial agent controls directly or indirectly support and related services institutions or other institutions, whether national or foreign, they will be subject to supervision on a consolidated basis to be implemented by the Superintendence of Banks, in the manner, procedures, limitations and obligations established by the regulations. Likewise the Monetary Board will determine through the regulations how this type of supervision will be enforced on financial agents when they are controlled by another institution, taking as a basis, at all times, the scope of the objective of this supervision described under literal a) of this Article.

a. Objective. This supervision on a consolidated base has the sole objective of evaluating the overall risk of the financial agent in question to determine the equity requirements at an aggregate level, without detriment and in addition to those required from said institution at an individual level, not consolidated, for technical equity capital, in terms of the various types of risks. Regulations will determine the procedures to be applied when the consolidated institution is submitted to supervision of another country. To that effect the Superintendence of Banks may enter into cooperation and exchange of information agreements with national and foreign supervision agencies.

b. Consolidation. Institutions in which in fact concur the circumstances that give rise to the supervision on a consolidated base, must inform the Superintendence of Banks immediately after such a circumstance arises, indicating the reasons that bring about the inclusion, the control relationship, and the institution that will effectively control the financial agent. When such an obligation exist, the financial agent will be compelled to submit a consolidated balance of all linked consolidated institutions, as well as other information of majority holders, subsidiaries and other related entities. Regulations will establish the norms for preparation and publication of consolidated financial statements.

c. Hypothesis. There is an obligation to communicate the existence of a consolidation case not only when there are direct or indirect ownership links, whether directly by the entity or by its shareholders or individuals who exercise control and management of the institution, but also when there is kinship identical to those determining the existence of associated parties, in accordance with that stipulated under Article 47, literal b) of this Law, management relationships or of any other type which imply control in fact or by right, or simply by virtue of agreements which grant effective control.

d. Presumption. Without detriment of the provisions of literal b) above, the Superintendence of Banks will presume the existence of control when any of the cases mentioned under literal c) above are present, and those listed in the corresponding implementation regulation, independently of corresponding sanctions.

e. Information Requirement. The Superintendence of Banks, with the objective of exercising the roles granted by the present law, will be empowered to request all kinds of information which it may consider relevant to monitoring and supervising bodies, referred to under Article 1, literal d) of this law, as well as from persons and institutions related or not that may have information that may be of interest to this end.

SECTION VII

REGULARIZATION

Article 59. Immediate Correction.

At all times financial agents must comply with the provisions of this Law, the Regulations pronounced for its implementation, the Resolutions of the Monetary Board and Circulars issued by the Central Bank and the Superintendence of Banks, without the need of prior requirement on the part of the Monetary and Financial Bureau. Non compliance of said provisions will imply the corresponding sanction, in accordance with that established under Section IX of this Title, without detriment of the immediate correction obligation.

Article 60. Regularization Plans. Causes.

In addition to that provided under the previous Article, financial agents must submit to the Superintendence of Banks for its approval a regularization plan when one or more of the following concur:

- a. When its technical equity capital or its equivalent is reduced between ten per cent (10%) and fifty per cent (50%) within a period of twelve (12) months.
- b. When its current ratio is lower to that required by corresponding provisions and above the limit established under Article 62, literal b) of this Law.
- c. When it shows legal reserve deficiencies during the number of periods determined by the regulations.
- d. When it turns to the facilities of the Central Bank as a last resort Moneylender, repeatedly as defined by the Monetary Board.

e. When it has presented or submitted to the Superintendence of Banks or to the Central Bank false financial information or deceitful documentation or when it repeatedly fails to comply with the Central Bank and Superintendence of Banks Guidelines or administrative actions issued by the Monetary and Financial Bureau.

f. When it performs actions that may seriously endanger deposits made by the public or the liquidity and financial stability of the institution, such as: carry out banned operations; carry out operations subject to prior authorization without said authorization; allow that shareholders capital contributions be financed directly or indirectly through the financial brokerage institution itself; perform credit, contingent and investment operations with borrower or groups of borrowers linked to the financial agent or with guarantees of its own stock, exceeding the limits established by this Law.

g. When external auditors issue an opinion with qualifications related to mandatory solvency of the financial agent in question or that it publishes in an incomplete manner its' audited financial statements. Financial brokerage agents subjected to regularization plans will have an intensive supervision, meaning as such the permanent follow up by the Superintendence of Banks, in accordance with the Guidelines issued by it for this purpose.

Article 61. Regularization Procedure.

a. Voluntary Initiative. When a financial agent incurs in any of the causes for regularization established under Article 60 of this Law, its board of directors or governing body must notify immediately in writing the Superintendence of Banks.

b. Ex Officio Initiation. In the Case where it is the Superintendence of Banks which detects the occurrence of any of the regularization causes, without detriment of the sanctions established by the present Law, the Superintendence will summon the board of directors or governing body of said institution, to demand submission of a plan.

c. Submission Period. Whether voluntarily or upon request of the Superintendence of Banks, the board of directors or governing body will prepare and submit a regularization plan within a period not to exceed fifteen (15) working days counted as of the date of the report or notification, whichever the case.

d. Approval of the Plan. The Superintendence of Banks, within a period of the following five (5) working days to submission of the regularization plan, will announce its decision. If there are objections, the plan may be amended only once, within the next two (2) working days. Non submission within the period or rejection of the regularization plan will be considered by the Superintendence of Banks cause for dissolution, in accordance with the provisions of Article 62 of the present Law.

e. Duration. The regularization period cannot exceed six (6) months, counted as of the announcement of non objection of the plan on the part of the Superintendence of Banks. This may end before the specified period, when the financial agent demonstrates, to the satisfaction of the Superintendence of Banks, that it has amended the facts that gave origin to its regularization or when the financial agent incurs in any of the causes for dissolution foreseen under Article 62 of the present Law. During the term of the regularization plan the institution cannot directly or indirectly distribute its earnings. During implementation of the plan an intensive supervision program will be enforced under Article 60 and literal f) of the present Article, as determined by the Regulations.

f. Content. The plan must include measures that are required to overcome the facts that caused the regularization situation. Among such measures must be one or some of the following, depending on the regularization cause: take over losses against equity accounts; equity replenishment; replenishment of legal reserve funds; implementation of a program for the sale of non-productive assets; submission of a plan to reduce administrative costs; if appropriate, dismissal of managers, directors and internal control bodies; implementation of a sale, merge or expansion of capital program

which must have the timely authorization of the Monetary Board; creation in the form of a deposit in the Central Bank of all increases in collection, as well as resources originating from loan recuperation both from capital as well as interests, and recuperation of other assets until replenishment of legal reserve funds is made; discontinuance of certain credit, contingent and service operations; commitment not to enter into any new service contracts or renewal of existing ones; execution of special external audits under the terms authorized by the Superintendence of Banks; discontinuance of all investments projected in financial service institutions, or sale of existing ones; commitment not to substitute guarantees or releasing them in detriment of the institution; suspension of opening of branches, agencies and representation offices; implementation of a liabilities restructuring program; implementation of a loan portfolio recovery and sale of assets program. The regularization plan will establish the conditions, procedures, goals and measuring indicators to verify adequate compliance and will necessarily contain a commitment of constant information of monitoring bodies of the institution to the Superintendence of Banks, regarding the institution's development, announcing its situation and the status of the causes that originated it.

SECTION VIII

DISSOLUTION

Article 62. Causes.

Financial agents will be abolished in accordance with the dissolution procedure established in this Section and the Regulation issued for its development, based on the following causes:

- a. Commencement of a state of non payments due to non compliance of liquid obligations, due and payable on demand, including those enforceable through the Clearing House.

- b. Shortage greater than fifty per cent (50%) of the current ratio in force at the time.
- c. Non submission or rejection of the regularization plan presented by the Superintendence of Banks.
- d. Carrying out of operations, during implementation of the regularization plan, which make it unviable.
- e. When the period for the regularization plan expires and the causes that originated it have not been corrected.
- f. Abrogation of the authorization to operate imposed as a sanction.

Article 63. Dissolution Procedure.

a. Start. The Monetary Board, as proposed by the Superintendence of Banks, intervening the dissolution causes foreseen in this Law, meets after an urgent summon within an unpostponable period of twenty-four (24) hours, counted as of the time of the summon, to decide the dissolution which will be carried out by the Superintendence of Banks. The Resolution of the Monetary Board authorizing the start of the dissolution procedure will indicate the causes why it is called for, it will presuppose the automatic annulment of the authorization to operate, if such an annulment were not the cause of the procedure, and will notify the board of director or governing body of the financial agent. Once the dissolution resolution is passed, the institution will remain in a state of suspension of its operations.

b. Occupation and Suspension of Activities. The Superintendence of Banks will immediately proceed with the occupation of all its facilities, books, documents and records, under legal act before a notary. As of the time the dissolution resolution is passed all prescription, maturity and other terms, as well as procedural terms in the trials interposed for the recovery of the loan portfolio and ordinary proceedings that may have originated from them are

interrupted. These terms will automatically start running as of the following working day when the dissolution process is concluded, which must be carried out in a short period to be determined by the regulations. Automatically suspended will also be the rights of shareholders and other creditors of same with regards to the institution in process of dissolution and will cease in their functions the directors, internal control bodies, administrators, managers, and general proxies of the institution, remaining without effect all administration powers and faculties granted, with the consequent prohibition to perform ruling acts or manage goods or securities of the institution. If such ruling acts or management were carried out they will be null and void. As of the date of the resolution of dissolution, registration or recording in public records of acts carried out by the directors, internal control bodies, administrators, managers and general proxies of the institution in the process of dissolution, will require, under penalty of nullity, prior authorization of the Superintendence of Banks.

c. Determination of Equity Capital Situation. The Superintendence of Banks will proceed to register in the financial statements of the institution in process of dissolution, the penalties, reserves, provisions and other adjustments that being compulsory were still pending on the date of the resolution of dissolution. It will also determine severance pay for the employees of the institution, with the exception of its directors and will prepare a list of assets and liabilities in order to proceed with the exclusion of assets and deposits in the manner to be determined by the regulations.

d. Exclusion of Assets. The Superintendence of Banks, which may contract to this effect the technical assistance required charged to the institution in process of dissolution, will proceed without delay to exclude first and second rank privileged obligations, registered in the financial statements of the institution in process of dissolution, according to that stated under literal e) of this Article. Will also exclude the assets of the institution in an amount equivalent to the first and second rank privileged obligations. Assets will be excluded in accordance with their book value, net of provisions, reserves and

any other adjustment performed in accordance with literal c) above. Next it will formalize the transfer of first rank privileged obligations in favor of one or several reliable financial agents, through competitive processes, which in exchange will receive the excluded assets and/or first rank participation, through a mechanism of securitization of those assets which will have the nature of autonomous unattachable equity, subject to the service of the participations it issues. Management of these securitized assets will imply separate balance and accounting, as is provided for under literal f) of this Article.

Determination of the financial agent(s) grantee of the assets and liabilities, as well as, in its case, the securitization institution, will be carried out through competitive procedures to ensure adequate transparency, all of it in accordance with that provided by the regulations.

e. Criteria for the Exclusion of Liabilities. The exclusion of liabilities within the dissolution procedures will make a distinction between privileged obligations of first and second rank. First rank are: 1) Private sector deposits in current accounts, demand, savings and fixed term, excluding operations with other financial agents and deposits by associates; 2) Instructions in cash, including foreign trade pre-payments, collections and tax withholdings, drafts, transfers through legally subscribed contracts, duly documented and registered in the institution's financial statements before the beginning of the dissolution process as long as the holder is the private sector; 3) Deposits in court; 4) Labor related obligations of the institution in the process of dissolution; and 5) The amount owed for the technical assistance referred to in the literal above. Second rank are: 1) Public sector deposits in current account, demand, savings and fixed term; 2) obligations with the Central Bank; 3) obligations with financial agents; 4) tax obligations of the institution in the process of dissolution.

f. Securitization Structures. The Superintendence of Banks may resort to the securitization regime foreseen in the Securities Market Law, to

implement the dissolution procedure. Securitization of assets will require structures similar to investment funds which will issue shares which could be of several categories, granting various rights to its holders. This mechanism will be implemented through a standard contract drawn by the Superintendence of Banks which will be legalized and will be intended for the administration, in its widest terms, of the autonomous equity constituted by the assets excluded from the balance of the institution in process of dissolution to pay for the shares issued through said mechanism. Holders of the stock receive them as return for services rendered or for having assumed the first rank privileged obligations or for being holders of second rank privileged obligations. Holders of these shares may dispose of and pledge them and carry out any action of control over these shares, only with other financial agents and with the Contingency Fund. Issuance and negotiation of these shares will not be governed by regulatory legislation of the Securities Market. Compensation of the financial agent which administers the mechanism will be determined in the constitutive contract of same and will be made effective chargeable to the autonomous equity, with precedence to the payment of shares. The manager, at the end of his term will submit a final report to the Superintendence of Banks which will be properly audited.

g. Facilitating Instruments. The Contingency Fund created by virtue of Article 64 of this Law, will facilitate the direct transfer of assets or securitization of same, through one or a combination of the following mechanisms, in accordance with the dissolution resolution pronounced by the Monetary Board: 1) In the case of direct transfer of assets of the institution in process of dissolution in favor of one or several financial agents, a guarantee will be constituted of up to twenty per cent (20%) of the value of the transferred assets in terms of the resources available in said fund; 2) In the case of securitization of the assets a cash contribution or bonds could be made to the securitization agency in exchange for a second rank participation in same; 3) Likewise, first rank shares may be purchased from the institutions that receives them in return for the deposits assumed. In any case, total contribution of the Contingency Fund cannot exceed

thirty per cent (30%) of the privileged obligations of the financial agent in process of dissolution and cannot be higher than what the payment in cash of the deposits guarantees to depositors would be, if such payment were allowed. Public institutions holders of second rank privileged shares will assume second rank shares.

h. Assimilation of the Impact in the Balance Sheet. In order to facilitate to the acquiring company(ies) in the dissolution processes the assimilation of the impact represented by the acquisition of assets and assumption of liabilities, the Superintendence of Banks will establish appropriateness chronograms with the application of special risk weighting rules for the shares in the securitization agencies and transferred assets. Also the Central Bank will adjust, through a special calendar, the legal reserve requirements of the institution that absorbs the liabilities. Such chronograms, rules and calendars cannot exceed one year from the date of the transfer or assumption.

i. Non recoverability. The transfers of assets, liabilities and contingents of the institution in process of dissolution, in any of its forms, will not require the consent of debtors, creditors or any holder, involving full and non recoverable transfers for all legal purposes. These transfers produce full transmission effects of obligations and rights. Provisions of the Superintendence of Banks regarding transfer of privileged assets and liabilities of an institution in the process of dissolution do not require any judicial authorization whatsoever. During the dissolution process, acts of disposal cannot be carried out such as embargoes or preventive measures of any type regarding part or the totality of the assets of the institution in the process of dissolution. The transfer of assets, liabilities and contingents documents, as well as the constitution of the securitization agency will be legalized before a Notary Public. The transfer of assets, liabilities and contingents of the institution in the process of dissolution, are exempt of the payment of taxes, fees, national or municipal tariffs or any kind. Transfers of assets will be registered in the corresponding public records in accordance with legal norms in force, being enough to implement registration the presentation of the

resolution of the Superintendence of Banks indicating the transfer. In case the transfer includes goods and guarantees subject to record, the corresponding registrations will not alter the original preference corresponding to the transferor. In these registrations will apply the rate or tariff provided for contracts without value.

j. Residual Balance. The assets and liabilities not included in the dissolution procedure will constitute the residual balance of the institution in the process of dissolution deducting the costs of the procedure. Said residual balance will be submitted by the Superintendence of Banks to the Administrative Settlement Commission, in accordance with the procedure established under literal k) of the present Article, respecting the preference and order of priority of common law. Holders of privileged obligations who had not been entirely satisfied in the dissolution process will have the first preference for collection, after the workers who had not been transferred to the assets and shares acquiring institutions. The Contingency Fund will enjoy priority following the holders of privileged obligations who had not been entirely satisfied in the dissolution process. The institution(s) acquiring the assets which accepted workers from the institution in the process of dissolution will enter into new work contracts and will not be considered successors for labor purposes. Once submitted to the Administrative Settlement Commission the dissolution process will be completed.

k. Regulation. The Monetary Board will regulate everything related to the application of the dissolution mechanisms provided for under the literals of the present Article to the financial agents of non share nature, without detriment of applicable provisions of its special laws.

Article 64. Contingency Fund.

The Central Bank will create a Contingency Fund with separate equity which will be integrated by mandatory contributions of the financial agents and other sources established under the present Law, for the exclusive use in the dissolution procedures described under Article 63 of the present Law.

a. Calculation. Such contributions will be calculated taking into account total collections from the public through authorized instruments of each financial agent. Minimum annual rate of the contributions will be point one per cent (0.1%) payable on a quarterly basis. The Monetary Board with the favorable vote of three fourths (3/4) of its members may modify said rate in terms of the needs of the Fund. Contributing institutions will not have to contribute when the resources available of the fund exceed an amount equal to five per cent (5%) of total collections from the public through the authorized instruments of the system; if the level of resources falls below this limit, participants contributions must be restored. Contributions of each institution will be considered expenses for such institutions. The Central Bank will automatically debit the amount corresponding to the contributions in the current account opened by financial agents in said institution.

b. Management. The Central Bank will manage and invest the Fund's resources in securities or similar financial operations to those carried out in the management of international reserves according to the investment policy issued to this effect by the Monetary Board. Earnings, once the commission to be received by the Central Bank in its capacity as manager is deducted, will be used to capitalize the Fund itself. The resources of the Fund cannot be embargoed nor be subject to precautionary measures, nor be object of compensation or transactions which are not provided for in this Law. The regulations will determine the modus operandi of the Fund.

c. Deposits' Guarantees. Deposits made by the public with financial agents will be guaranteed by resources available in the Fund, up to an amount per depositor of Five Hundred Thousand Pesos (RD\$500,000.00) and up to thirty per cent (30%) of total privileged obligations of the financial agent in process of dissolution. The regulations will set the criteria to determine the guarantee in the cases of joint and several accounts and in the case of deposits that guarantee foreign trade operations. The guarantee can only be made

effective through that provided for under Article 63 relating to the dissolution process.

Article 65. Subsidiary Dissolution Mechanisms.

a. Administrative Dissolution. In the case the dissolution mechanism provided for under the present Law fails, the Superintendence of Banks, and only as a subsidiary exceptional last resort mechanism, will ask the Monetary Board, with due cause and amply justified, to designate an Administrative Dissolution Commission formed by three (3) people of well-known integrity and expertise in financial, accounting and administrative matters. This Administrative Dissolution Commission will order the suspension of financial brokerage operations, pronounce the dissolution and notify shareholders and creditors. The Commission will take possession of the institution's assets, of its books, documents and files will collect all credit and exercise the rights and claims that may correspond. Also will see to the payment of its obligations proceeding with the dissolution as fast as possible for which it may dispose of its goods and chattels, real estate and other institution's assets. This Administrative Dissolution Commission must be formed for the compulsory liquidation of the residual balance referred to under Article 63, literal j) of this Law. For the administrative dissolution the exclusion criteria of assets and liabilities established under Article 63 will be followed whenever applicable and relevant as may be determined by the Monetary Board through the regulations.

b. Voluntary Dissolution. Voluntary dissolution of a financial agent can only be done after it has returned the entirety of its deposits and other current liabilities, with prior favorable approval of the Superintendence of Banks and corresponding approval of the Monetary Board, which will result in the annulment of its authorization. Voluntary dissolution of financial agents will be governed by the provisions of the Regulations to be issued by the Monetary Board, by the rulings applicable to commercial institutions common law, by the precepts related to non stock companies in accordance with its special laws and the decisions of its associates in

their respective assemblies. The Regulation will set forth the provisions related to the opening and closing of the dissolution, description of the dissolution procedure including its terms, powers and responsibilities of the liquidator, legal status of the company during said process, and the incompatibility rules of the liquidators.

SECTION IX

VIOLATIONS AND SANCTIONS

Article 66. Scope, Compatibility and Classification.

a. Scope. Financial agents and those holding administrative or managerial positions in same, who violate the provisions of the present Law or of the Regulations passed for its implementation, will incur in administrative responsibility punishable in accordance with the provisions of this Section. The same responsibility will be required from the individual and legal entities who own significant shares in the capital of the financial agents or who hold administrative or managerial positions in the companies which participate significantly in the capital of said financial agent, as long as they commit their personal responsibility. The rules foreseen in this section will also apply to relevant representation offices, branches and affiliates of foreign companies. These rules will also apply in what is applicable to those who materially carry out brokerage activities, without proper authorization in accordance with the provisions of this Law.

b. Compatibility. Exercise of the faculty to impose disciplinary penalties will be independent of an eventual concurrence of crimes or offences of a criminal nature. Disciplinary penalties will not have an indemnity nor compensatory nature, but merely punitive, having the sanctioned party the obligation to comply with the penalty and also comply with the provisions whose violation caused the penalty. If the same offence or omission constituted two (2) or more administrative

violations the most serious one will be taken into account, and if both violations are equally serious, the one carrying a greater penalty in monetary terms will apply. A person guilty of two (2) or more administrative violations will be sanctioned with all corresponding penalties to various violations. When, at any stage of the sanctioning procedure, relevant bodies of the Monetary and Financial Bureau believe that there are certain elements that show the existence of another administrative violation for which they do not feel competent, they will notify the administrative body they consider competent. When the infringements constitute both administrative and criminal violations, without detriment of the penalties for the administrative violations, the Monetary and Financial Bureau will initiate criminal action with regards to the criminal violations once the disciplinary penalties procedure is concluded. Exercise of actions resulting from criminal violations, do not suspend implementation and compliance procedures of the penalties for administrative violations which may arise by virtue of the present Law. In addition, what is decided in one of the procedures, will have no effect in any other nor with respect to the penalty applied. However, under no circumstances can the same person be sanctioned twice (2) for the same violation.

c. Classification. Violations will be classified in quantitative, that is those involving an amount in excess or shortage with respect to that legally required or by the regulations and in qualitative, that is, those representing non compliance of legal and regulatory provisions and which do not involve any amounts.

Article 67. Quantitative Violations.

For the purposes of this Law, quantitative violations will be those non compliances that institutions incur with respect to the Rules of Reasonable Care of Equity Appropriateness, Asset Evaluation Norms and Rules and Provisions regarding Legal Reserves.

a. Violations due to Non Compliance of the Reasonable Care of Equity Appropriateness. Institutions which do not comply with the

limits and ratios established under Article 41; Article 45, literal e); Article 46, literals c) and e); Article 47, literals a) and b); and Article 48, must immediately restore the shortage of capital and will be subject to a monetary sanction equivalent to a percentage of the amount of capital not covered as may be determined by the regulations of the Monetary Board based on a range from five per cent (5%) to ten per cent (10%) of the amount of the capital shortage. If the corresponding capital is not replaced immediately, they will be subject to a penalty equivalent to double the previous one.

b. Violations due to Non Compliance of the Asset Evaluation Norms and Rules and Exposures Provisions. Institutions which do not comply with the provisions established under Article 49 and its corresponding Regulations regarding adequate constitution of exposure reserves, must complete immediately the corresponding shortage and will be subject to a monetary sanction equivalent to one hundred per cent (100%) of the shortage. In case they do not immediately complete the corresponding shortage, they will be subject to a penalty equivalent to double the previous one.

c. Non Compliance of Legal Reserves Provisions. Institutions which do not comply with the legal reserves provisions set forth under Article 26, literal b) of this Law, will be subject to a penalty equivalent to the tenth of one per cent per day of the amount of the legal reserve shortage. The Monetary Board will regulate the progressive sanctioning system in the cases of recidivism by institutions of this violation.

Article 68. Qualitative Violations.

For the purposes of this Law qualitative violations will be classified as very serious, serious and slight, as follows:

a. Very Serious Violations. Very serious violations are the following:

1. Carry out brokerage activities without the authorization of the Monetary Board or without compliance with the conditions established in the corresponding authorization.
2. Carry out merge, take-over, conversion, demerge and segregation operations which affect financial agents without the authorization of the Monetary Board.
3. Resist or refuse inspection by the Monetary and Financial Bureau and demonstrate lack of cooperation in the implementation of monitoring tasks carried out in accordance with the regulations.
4. Carry out operations prohibited by virtue of the present Law or that are not included as part of the corporate purpose of the institution or receipt of resources in a manner not authorized to the type of financial agent.
5. Perform deceitful actions or use individuals or companies interposed for the purpose of performing prohibited operations or to evade mandates of the Law or the Regulations or to obtain results whose direct obtainment by the institution would imply as a minimum commitment of a serious violation.
6. Non observance of the regulation established for accounting registration of operations entailing essential irregularities which prevent knowledge of the equity and financial situation of the financial agent.
7. Place at risk the institution's deposits, through inadequate operations according to sound banking practices.
8. Refuse reimbursement of deposits without just legal or contractual cause.
9. Be criminally condemned by final and irrevocable judicial decision due to violation of the Prevention of Asset Laundering Law.

10. Lack of adaptation or appropriateness of financial agents during the transitory period legally established.

11. Non compliance of the obligation to notify the Superintendence of Banks of the existence of cause for supervision on a consolidated basis.

12. Perform disposal and management actions of goods and securities of an institution subject to a dissolution process once it has been initiated.

13. Violate the banking secret obligation in accordance with the terms established under Article 56, literal b) of this Law.

14. Serve as broker for institutions not authorized to carry out financial brokerage operations.

15. Distribute dividends in violation of the present Law, as well as expressed or hidden reserves.

16. Non compliance with the obligation of submitting its annual operations to an external audit by a firm duly registered at the Superintendence of Banks.

17. Lack of notification to the Superintendence of Banks the existence of a cause for regularization.

18. Commit two (2) serious violations during a period of three (3) years.

19. Non compliance of implementation of a penalty due to serious violation.

b. Serious Violations. Serious violations are the following:

1. Violate the duty to inform partners, depositors and other creditors of the institution, when the objective is to hide liquidity or financial stability problems.
2. Actions of abusive banking financial practices with customers and violation of transparency obligation to the public.
3. Lack of notification to the Superintendence of Banks or the Central Bank when this is required legally or by the regulations, except when it constitutes a very serious violation.
4. Exercising of influence over the institution by a holder of a significant share of by whomever directly or indirectly has the effective control which may endanger sound management of same.
5. To modify the By-laws without prior authorization from the Superintendence of Banks.
6. Violation of the norms governing laundering of assets.
7. Use of deceitful advertising to attract customers or unfair competition.
8. Non compliance with the publication or submission of audited financial statements.
9. Violation of minimum requirements to be established by the Regulations for development of provisions established under Article 55 of this Law.
10. Violation of the rules governing minimum business hours to serve the public.
11. Non compliance of a penalty due to slight violation.
12. Commitment of three (3) or more slight violations within a period of two (2) years.

13. Provision of mortgage loans for housing without obtaining the "Seguro de Fomento de Hipotecas Aseguradas" (FHA) [Insured Mortgage Development Insurance] required by the Banco Nacional de la Vivienda [National Housing Bank] or its legal continuer. Delays in the payment of the premium of the "Seguro de Fomento de Hipotecas Aseguradas" and the Cost of the Study of Guarantee Configuration (CECG).

c. Slight Violations. Slight violations are the following:

1. Non-authorized modification of the business hours to serve the public when it does not constitute a serious violation.
2. Non compliance of the duty to provide truthful information to its partners, depositors and other creditors, when it does not constitute a serious violation.
3. Present delays in the submission of documents and information that must be submitted on a periodic or occasional basis to bodies of the Monetary and Financial Bureau.
4. Those violations of precepts which must be observed which do not constitute serious or very serious violations or quantitative violations in accordance with the provisions of previous literals of this Article.

Article 70. Quantification and Application of Penalties.

a. Quantification of Penalties. Penalties to be applied for perpetration of violations determined by the present law are the following:

1. Very Serious Violations. Perpetration of very serious violations will result in the following penalties: i) Fines of up to ten million pesos (RD\$10,000,000.00) or ii) Repeal of the authorization to operate as a financial agent or as a branch, affiliate or representation office according to Article 39 of this Law. Persons who perpetrate the violation established under Article 68, literal a), numeral 10 in

addition to the disciplinary penalty established in this numeral, will be sanctioned with closing of the establishment.

2. Serious Violations. Perpetration of serious violations will result in admonitions on the part of the Superintendence of Banks and a fine of up to two million five hundred thousand pesos (RD\$2,500,000.00).

3. Slight Violations. Perpetration of slight violations will result in fines of up to five hundred thousand pesos (RD\$500,000.00). In the case of violations due to due to lack or delay in submission of information to the Central Bank and the Superintendence of Banks, the person in question will be the object of monetary sanction which will be conditional upon its net assets as may be determined by the regulations of the Monetary Board, but under no circumstance the amount established by the Regulations can be higher than that referred to under this numeral.

b. Application of Penalties. Implementation of monetary penalties will be done through charges, when applicable, to accounts opened by the institution in the Central Bank. If this is not possible, the compulsory process established by the Tax Code.

Article 71. Ranking.

Penalties applicable to institutions for each type of violation will be ranked proportionately depending on the nature of the violation, the seriousness of the danger or the damage caused, the benefits obtained, the unfavorable consequences to the financial system, the circumstances of having proceeded or not to overcome it without the need of prior requirement by the Monetary and Financial Bureau, the objective difficulties which could have concurred and the institution's previous behavior. In the case of the penalties established under Article 70 of this Law, the degree of responsibility in the facts concurring in the interested party and the previous conduct will be taken into account, considering whether or not it is the first time he is being sanctioned, and the degree of control he had within the

institution to make decisions, and if his conduct was deliberate or negligent.

Article 72. Disciplinary Penalty Procedure.

A penalty procedure will be established by the Regulations based on the principles established under the present Article and Article 4 of this Law. The process will be started by order of the Superintendence of Banks or the Central Bank, as appropriate, in the case of violations of the governing rules. Handling of the disciplinary procedure will be done by the Superintendence of Banks or the Central Bank, as the case may be. An initial list of charges will be drafted which will be notified to the institution and the persons presumably responsible for the violation. Once the necessary proofs to determine all the circumstances surrounding the violation have been carried out, the instructor's proposal with relevant proofs will notify the institution and the affected persons, so that within a period which can never be lower than fifteen (15) days, make allegations in their defense and all of it will be passed on to the Legal Adviser of the corresponding body, who will present its proposal and its report to the Governor of the Central Bank or the Superintendent of Banks for their decision, except when the proposal is the annulment of the authorization in which case the decision will correspond to the Monetary Board.

TITLE IV

ADDITIONAL, FINAL, TRANSITORY AND DEROGATORY PROVISIONS

SECTION I

ADDITIONAL PROVISIONS

Article 73. Public Financial Agents.

For the purposes of this Law Public Financial Agents are understood to be those performing financial brokerage and whose major shareholder is the State. Monitoring and supervision of these Public Financial Agents will be carried out by the Monetary and Financial Bureau. Such institutions will be subject to the enforcement of this Law and their respective organic laws in matters relevant to their public nature and in what is relevant to the operations and rules applicable to All Purpose Banks and Credit Institutions. The Monetary Board will issue transitional procedures for these institutions through a Regulation to that effect, which will establish the aspects of this law applicable to said institutions. Public Financial Agents may access Central Bank facilities in its condition of last resort moneylender, on the basis of the same rules applicable to private financial agents, once they are complying with the transitional procedures established by the Monetary Board. The Banco Nacional de la Vivienda created under Law 5894 dated May 12, 1962, is exempt from compliance of this Article.

Article 74. Banco Nacional de la Vivienda [National Housing Bank].

Starting on the effective date of this Law, the Banco Nacional de la Vivienda, as a second floor financial institution, will engage in the promotion of a secondary mortgage market and the marketing and supply of resources for the productive sector. To that end, the Banco Nacional de la Vivienda will extend its insurer role through the delivery of coverage service of the Seguro de Fomento de Hipotecas Aseguradas [Insured Mortgage Development Insurance] to all financial agents granting housing mortgage loans, being able to act as securitization agent of same. In addition, the Banco Nacional de la Vivienda, in coordination with other governmental agencies of the housing sector, will act as one of the agencies responsible for the implementation of the financial-housing policy of the State. The Government and the Central Bank, as an initial contribution for the consolidation of the Banco Nacional de la Vivienda as a second floor

institution, will transfer to that institution the loan portfolio and other assets of the Central Bank's Project Finance Department as well as other productive assets of compensatory profitability.

a. As of promulgation of the present Law the Central Bank's Project Finance Department, as well as its loan portfolio and other assets are transferred to the Banco Nacional de la Vivienda, among other Productive Assets of Compensatory Profitability granted by the Government and the Central Bank. It will have the same prerogatives as it has now, keeping its structure as a multi-sectoral development agent.

b. Transfer of Functions. As of the entry into force of this Law, the Banco Nacional de la Vivienda will cease in its role as regulator and supervisor of the Savings and Loan Associations, since those institutions will be under the exclusive monitoring and supervision of the Monetary and Financial Bureau. Likewise, the Banco Nacional de la Vivienda will cease in its role of insurer of savings accounts of Savings and Loan Associations. To that end, the Central Bank will receive said deposits insurance fund, with all the rights and obligations it generated while the Banco Nacional de la Vivienda exercised its role as regulator and supervisor of the savings and loan system.

c. Promotion of Insured Mortgages. In order for the Banco Nacional de la Vivienda to exercise the role of mortgage insurer, its Board of Directors will determine the operational features of the Insured Mortgage Development Insurance. The Superintendence of Banks will have the responsibility of verifying that all requirements on the part of financial agents to obtain the Insured Mortgage Development Insurance for housing loans are complied with, having to notify periodically the Banco Nacional de la Vivienda.

Article 75. Savings and Loans Associations.

Except for the provisions stated below, the Savings and Loans Associations will remain with their mutualist nature. Said institutions

will be under the exclusive monitoring and supervision of the Monetary and Financial Bureau and may perform the following operations:

- a. Receive savings and term deposits in local currency.
- b. Receive loans from financial institutions.
- c. Grant loans in local currency, with mortgage guarantees earmarked for construction, acquisition and remodeling of family housing and refinancing of mortgage loans, as well as grant loans to other sectors of local economy with or without collateral and lines of credit in accordance with regulations of the Monetary Board.
- d. Issue securities.
- e. Discount drafts, bills of exchange, notes and other commercial documents representing means of payment.
- f. Acquire, grant or transfer commercial papers, securities and other instruments representative of obligations, as well as enter into repurchase agreements of same.
- g. Issue credit, debit and charge cards in accordance with legal provisions governing the matter.
- h. Perform collections, payments and fund transfers.
- i. Accept term drafts resulting from trade operations of goods or services in local currency.
- j. Enter into contracts of any type of by-products in local currency.
- k. Act as third party financial agent.
- l. Receive into custody securities and goods and offer safe deposit box services.

- m. Carry out financial leasing operations, invoice discounts, management of automatic tellers.
- n. Assume monetary obligations, grant warranties and guaranties to guarantee compliance of specific liabilities of their customers in local currency.
- o. Provide advisory services to investment projects.
- p. Provide technical assistance for economic and administrative feasibility studies and organization and management of companies.
- q. Carry out foreign exchange purchase/sales operations.
- r. Contract obligations abroad and grant loans in foreign currency, prior authorization of the Monetary Board.
- s. Insure housing mortgage loans with the "Seguro de Fomento de Hipotecas Aseguradas (FHA) [Insured Mortgage Development Insurance] issued by the Banco Nacional de la Vivienda [National Housing Bank] or its legal continuer, as may be statutorily determined by the Monetary Board.
- t. Serve as originator or securities regulator of credit card and mortgage loan portfolios in the process of securitization.
- u. Act as manager of a securitized portfolio on account of issuer of local origin bonds.
- v. Carry out other operations and services demanded by new banking practices in the manner that may be determined by the regulations. The Monetary Board will enjoy interpretative regulatory power to determine the nature of new instruments or operations that may arise as a consequence of new practices and that may be carried out by savings and loans associations.

The Monetary Board may expand the operations performed by the Savings and Loans Associations. Likewise, after a year of promulgation of this Law, the Monetary Board may authorize the conversion of these institutions in the type of financial agents foreseen under Article 34, as long as a homogenous treatment with these institutions is guaranteed, including fiscal features. The Monetary Board will issue the conversion mechanisms.

Article 76. General Provisions.

Cooperatives are exempt from the provisions contained in this Law since these are governed by their own special laws, such as number 127, regarding Cooperative Associations, dated 27 January 1964 and number 31 which creates the Instituto de Desarrollo y Crédito Cooperativo (IDECOOP) [Cooperative Development and Credit Institute] as the State regulator.

Article 77. Monetary and Financial Contentious-Administrative (2/) Court.

The Monetary and Financial Contentious-Administrative Court will have its seat in Santo Domingo and will be formed by one (1) Chief Judge, one (1) Deputy Chief Judge, and three (3) Judges, all elected in accordance with the Constitution of the Republic. The Court will only hold (recursos contencioso-administrativo) judicial reviews (2/) brought before the actions and resolutions passed by the Monetary Board, whether in a court of revision (sede de reconsideración) or when solving hierarchical recourses. To become a Judge of said Court the person must be Dominican in full exercise of his/her civil and political rights, be 35 years of age, have a degree in law and have knowledge and expertise in administrative, financial and monetary matters.

2/Translator's Note: The term in Spanish "contencioso-administrativo" relates to actions under administrative law and "recurso contencioso-administrativo" refers to appeals to the courts against acts of the Government.

The Monetary and Financial Bureau will be represented in said Court by a Monetary and Financial Attorney General appointed by the Executive Power and must meet the same requirements demanded by the present Law for the Court's Judges. The Monetary and Financial Attorney General must be notified of all court cases and his written opinion will be indispensable before the Court rules on any matter submitted for his knowledge. This official will be compelled to issue his opinion within a maximum period of sixty (60) days counted as of the date in which the case is notified, being able to request only one extension of 45 days. If once the terms have expired the Attorney General has not issued his opinion, the court may rule on the matter without taking this opinion into account. Compensation of the Attorney General will be the responsibility of the Executive Power. Operation of the Court and its procedure will be governed by Law 1494 of 1 October 1947 and by Articles 148, 149, 151, 152 and 154 of the Tax Code, in those factors not included and that do not contradict the present Law.

As long as the Monetary and Financial Contentious-Administrative Court does not initiate its operations the actions of the Monetary Board will not be appealable. The judgment passed by the Court will only be appealable in cassation before the Supreme Court.

Article 78. Representation Before Other Agencies.

As of the date the present Law becomes effective, nor the Central Bank, nor its Governor or its officials may in representation of the Bank form part of the Boards of Directors of public or private institutions, national or foreign, except for that provided for in this Law and in special Laws related to the International Monetary Fund (IMF), the Inter-American Development Bank (IDB) and its affiliates, the International Bank for Reconstruction and Development (IBRD) and its affiliates, the National Securities Council, Social Security National Council (CNSS), the Social Security Risk and Investment Limits Rating Commission, the National Council of Trade

Negotiations and those international organizations to which the Central Bank is a part of.

As soon as the present Law becomes effective, the Executive Power must appoint by Decree the institutions and officials that will substitute the Central Bank in the Boards of Directors of those public agencies in which the Bank's participation will cease.

The Technical Secretary of the Presidency will be the Alternate Governor before the International Bank for Reconstruction and Development (IBRD), the Inter- American Development Bank (IDB) and their respective affiliates.

Article 79. Special Rules.

a. Non Extra-regulatory Discrimination. There cannot be procedural privileges nor any type of benefits based exclusively on the legal nature of the institutions that legally and customarily carry out brokerage activities. Extra- regulatory discrimination will be determined considering the type of financial instruments. Consequently, as of the date this law becomes effective, the abridged real estate garnishment proceedings provided under Articles 148 and following of the Agricultural Development Law.

b. Evidence. Admissible as evidence with regards to banking matters will be photostatic copies certified by the Superintendence of Banks, for which provisions of Article 55 of Law 834 which modifies Civil Rules of Procedure will be complied with. The Monetary Board will determine the mandatory requirements that must be requested to admit evidence on banking matters through electronic means and for the debit and credit card operations, as well as for any other payment instrument whichever its material or electronic basis.

c. Withdrawal of Funds by Legal Heirs. The Monetary Board will determine the procedure and requirements for the withdrawal of funds by legal heirs from the financial agents in the case of statement of absence or death of its holder.

d. Updating of Securities. To keep up to date the absolute monetary value foreseen under the present Law, the Monetary Board on an annual basis may authorize inflationary adjustments of such securities. Also, it could make inflationary adjustments to update the corresponding penalties to the violation referred to under Article 67, literal c) of the present Law.

e. Right to Verification and Compilation of Information. If an individual or a company do not comply with the statistical information required under the present Law, or submits partial or inaccurate information, the Central Bank will have the right to verify the accuracy and quality of the statistical information, as well as carry out its compulsory compilation. The right to verify the statistical information or to carry out compulsory compilation will include the authority to demand submission of documents, examine the books and records of the persons subject to verification or compulsory compilation, obtain copies or abstracts of their books or records and request written or oral explanations. The obligation to allow the Central Bank verification of the accuracy and quality of the information submitted will be infringed as long as the person obstructs said activity. When a person objects or obstructs the verification process or the compulsory compilation of the information requested, the Attorney General's office may provide the assistance of public force to allow the Central Bank access to the source's locale. Obstruction is presumed when the person makes documents disappear or when officials of the Central Bank are prevented access. In the cases when the Bank does not receive the statistical information within the period granted to the institution, the statistical information is inaccurate, incomplete or submitted in a way different than that requested, or the institution obstructs verification or compulsory compilation, the Central Bank is authorized to impose one of the sanctions corresponding to very serious faults in accordance with this Law. The Central Bank will adopt through Regulations the conditions under which verification or compulsory compilation rights may be exercised, as well as the gradualness in the application of penalties. Statistical information will be of a

confidential nature when it allows identification of the informing persons or any other person, whether directly, or through its denomination, address or National Tax Payer Record, identity and electoral identification card, or indirectly by inference, thus providing access to knowledge of individual information. This information only loses its confidential character when it has the expressed authorization in writing of the person subject to the delivery of information. The information submitted, verified or compulsorily compiled will be used exclusively for the implementation of Central Bank's roles, in particular for the development of national statistics and balance of payments, could also be provided to scientific research agencies as long as it does not allow a direct identification of the person involved. The right to verification or compulsory compilation regulated under the present Article may be exercised by the Superintendence of Banks in fulfilling its authority to supervise on a consolidated basis.

f. Joint Limit. The amount to be paid by financial agents to the Superintendence of Banks on account of supervision and the contributions that said institutions must pay to the Contingency Fund by virtue of that established under Articles 20 literal d) and 64 literal a), respectively, cannot in any case exceed in a joint manner point twenty-five per cent (0.25%) of total assets of same.

g. Dismissal of Officials. As of 17 August 2004 provisions of Law 277 of 29 June 1966 will not be applicable in the cases of the members of the Monetary Board appointed for a specific period of time, the Governor of the Central Bank and the Superintendent of Banks, who will enjoy the ruling consigned under the present Law.

Article 80. Penal Rules.

Persons committing the following violations will be condemned by competent courts of the Republic with fines of Five Hundred Thousand Pesos (RD\$500,000.00) up to Two Million Five Hundred Thousand Pesos (RD\$2,500,000.00) and sentences of three (3) to ten (10) years in prison:

- a. The authorities, officials and staff of the Monetary and Financial Bureau, and the officials, employees, shareholders, directors, managers and officials of financial agents and other institutions subject to regulation by virtue of the present Law, as well as any other individual or company that consciously divulges through any means false rumors or organize slanderous campaigns related to the liquidity or financial stability of one or several financial agents and the exchange market stability.
- b. The authorities, officials and staff of the Monetary and Financial Bureau who divulge or reveal any information of a reserved or confidential nature regarding operations of the Monetary and Financial Bureau or regarding matters notified to same, or take advantage of such information for personal gain, not included within these violations the information exchange to which the Monetary and Financial Bureau is obligated by virtue of this Law and other legal provisions in force at the time of the present Law becoming effective.
- c. Those violating the provisions of Article 25, literal d) of the present Law, those who associate with them directly or indirectly, and those who refuse to receive local bills and coins at their face value.
- d. Members of the Board of Directors, officials, auditors and employees of the financial agents that alter, disfigure or hide data or records, books, statements of accounts, correspondence or other documents or that consent to the commitment of these actions and omissions with the objective of hindering, obstruct, divert or avoid inspections to be made by the Superintendence of Banks.
- e. Members of the Board of Directors, officials, auditors and employees of financial agents who knowingly had developed, approved or submitted an adulterated or false balance or financial statement, or had implemented or approved operations to cover up the situation of the institution.

f. The shareholders, directors, managers, officials and employees of a financial agent that is submitted to a dissolution process, in the following cases:

1. If they had recognized non-existing debts for the purpose of emptying the equity of the institution.
2. If they had simulated expropriation, in detriment of depositors and other creditors.
3. If they had pledged in their businesses the goods received as deposits by virtue of a legal mandate, in accordance with established regulations.
4. If knowing of the resolution to liquidate the institution had carried out any administrative action or disposal of goods.
5. If within thirty (30) days prior to the dissolution resolution, had paid a creditor or depositor in detriment of the others, anticipating the maturity of an obligation.
6. If they had hidden, altered, falsified or disabled books or documents of the institution and other background materials supporting of same.
7. If within sixty (60) days prior to the date of the dissolution resolution, had paid interests on term deposits or savings accounts at rates considerably higher than market average in similar institutions, or had sold goods of its assets at prices notoriously lower than those of the market, without the prior approval of the Superintendence of Banks, or employing other ruinous means to obtain funds.
8. If they had formalized contracts in detriment of the financial agent with associated persons.
9. In general, as long as they had implemented maliciously an operation that diminishes the assets or increases the institution's

liabilities. The disposal of property, transfer, establishment of liens and other assignments of rights, carried out thirty (30) days prior to being referred to the courts, may be contested or declared false and in consequence will be null before third parties.

SECTION II

FINAL PROVISIONS

Article 81. Period to Issue the Regulations.

The Monetary Board will promulgate the Regulations to implement this Law within a period not to exceed eighteen (18) months from the effective date of same. The Regulations will necessarily include an expressed and exhaustive table of repeals of prior provisions to remain without effect.

Article 82. Operating Debts and Deficit.

The Government will cover in its entirety the accumulated deficit of the Central Bank, public sector debts with the Central Bank existing at the time this Law becomes effective, and the losses generated by application of Article 84 of this Law, whether through cession of bonds issued to this effect in local currency at a term not lower than fifty (50) years, through the cession of funds obtained by the Government through long-term international financial, or through a combination of both. In the case of issuance of a bond in local currency, the reference interest rate will be of up to two per cent (2%) and will begin to accrue said interest after ten (10) years as of the date of issuance. The Government must deliver the bonds to the Central Bank referred to in this Article within a period of one (1) year as of the date the present Law becomes effective. To this end the Central Bank, within the six (6) months following promulgation of this Law, must submit a study to the Executive Power in which the items

referred to in this Article are detailed. The Executive Power will issue said bonds through a Decree.

SECTION III

TRANSITORY PROVISIONS

Article 83. Authorities of the Monetary and Financial Bureau

a. Date of Effectiveness of the Law. The provisions contained in the present Law with regards to the new composition, the appointment mechanism of the members of the Monetary Board, competence, consequences of dismissal, activities and incompatibilities of same, appointment of a Governor, Deputy Governor, Superintendent, Intendant, Comptrollers and Managers of the Monetary and Financial Bureau and the duration period of their roles, for those applicable, will become effective on August 17, 2004, continuing in force provisions of Law 6142 of 29 December 1962, regarding the subjects stated above until the above-mentioned date, which are incorporated by reference to the present Law being a binding and mandatory part of same, until the date indicated in this literal.

b. Appointment of the First Monetary Board. The first members of the Monetary Board for a specific period time will be appointed, beginning on August 17, 2004, in accordance with the procedure established under Article 11, literal a) of the present Law.

c. Dismissal, Resignation or Death. In the case of dismissal, resignation or death of any of the members of the Monetary and Financial Bureau appointed before 17 August 2004, appointment of a substitute will be done in accordance with the procedures and terms provided for under Law 277, dated 29 June 1966, applicable to officials appointed by the Executive Power.

d. Parliamentary Norms. Until 17 August 2004 the procedure relating to quorum and majority necessary for decision making of the Monetary Board provided for under Law 6142 dated 29 December 1962 will remain in force, and is incorporated by reference to the present Law being a binding and mandatory part of same, until the date stated in the present literal.

Article 84. Central Bank's Releasable Units.

a. Separate Balance. The Central Bank must form with the assets and liabilities it holds at the time of this Law becoming effective and which are not earmarked to comply with its objective as stated by this Law, a balance separate from its own, which it will manage for its complete accomplishment in a period not to exceed four (4) years from the time this Law becomes effective. Excluded from this provision are assets in process of implementation at the time the present Law becomes effective.

b. Transfer. The Monetary Board will determine the corresponding procedure to carry out the transfer of assets and liabilities referred to under literal a) above. The Central Bank may use market techniques for the assignment, sale, transfer and, in general, any management mode of said balance, as long as its procedures are transparent and competitive. Net final balance of same will be integrated to the General Reserve Fund of the Central Bank. As of the date this Law becomes effective, the development planning and monitoring role of the North Coast, presently the responsibility of the Financing and Project Development Department of the Central Bank, will become the responsibility of the Secretariat of State of Tourism, having the Executive Power the responsibility to pronounce the corresponding provisions for the implementation of the transfer to said Secretariat. Within a period not to exceed one (1) year, as of the date this Law becomes effective, the Central Bank, the Superintendence of Banks and other State banks will establish their respective Security and Monitoring Agencies.

c. Budget. Until the Central Bank complies with the provisions of this

Article and as far as it does not generate in a sustainable manner enough income to cover its expenses, including the cost derived from implementation of the monetary policy, it may exercise the authority granted by Article 25, literal a) of this Law to cover said expenses in accordance with the budget approved by the Monetary Board.

Article 85. Free Convertibility and Exchange Fee.

All obstacles to free convertibility existing at the time this Law becomes effective will have a period of one (1) year for its removal. The Monetary Board will establish a chronogram, within a period of three (3) months after implementation of this Law, to reduce the exchange fee in a manner that will not represent a negative impact on the items financed by it and will not represent a burden for the Central Bank.

Article 86. Adaptation of Financial Agents.

Financial Agents will adapt to the provisions of this Law as follows:

a. Private Financial Agents. Private Financial Agents operating at the time this Law becomes effective, will be governed by this Law and will adapt to its provisions within a maximum period of two (2) years, as of the date of approval of the corresponding Regulation, in the manner and within the partial periods foreseen by the Monetary Board, taking into consideration for stock institutions the following factors: i) Modification of the firm's name: institutions already transformed into the types of brokerage institution described by this Law when it becomes effective, may immediately adjust its firm's name on the basis of that provided under Article 38, literal b); ii) Transformation Authorization: institutions that at the time this Law becomes effective have the franchise as Development Bank, Mortgage Construction Bank, Small Amounts Finance or Loan Institution must request the authorization for re-registration from the Monetary Board into one of the types of financial agents described under Article 34 of this Law, for which they will have a period of two (2) years. The Superintendence of Banks will verify that financial agents have

complied with all requirements previously stated, which will issue the corresponding certification.

b. Public Financial Agents. Public Financial Agents will adapt to the provisions of this Law, in particular those stated under Article 73, within a period of five (5) years counted as of the date of approval of the corresponding Regulation. In the case of investments kept by the Banco de Reservas de la República Dominicana [Reserves Bank of the Dominican Republic] in the Public Pension Fund Administrator, in the insurance company or other investments prohibited by virtue of this Law, a term of eighteen (18) months is granted to submit to the Executive Power a proposal so that the State, under the form of a stock company or other legal formula, may assume the investments of the public companies referred to. In any case, Paragraph I, Article 81 of Law 87-01 dated 8 May 2001, which creates the Dominican System of Social Security, will be revoked once the above-mentioned term has expired.

c. Foreign Banking. Branches of foreign banks established in the Dominican Republic as of the date of promulgation of the present Law, will be granted a period of time determined by the regulations of the Monetary Board to adapt to the provisions of the present Law.

Article 87. Loans to the Contingency Fund.

The Central Bank and the Superintendence of Banks will make quarterly contributions to the Contingency Fund charged to future income to be received by that Fund. Through regulations the Monetary Board will determine duration and amounts of said contributions.

Article 88. Dissolutions in Progress.

The Superintendent of Banks, in his role of appointed liquidator, for those financial agents in process of dissolution prior to the promulgation date of the present Law, will take the actions described under the present Article:

Hire an external auditing firm to determine the value of the assets and conditions of those goods that could be disposed of in the market; may contract, through public bidding, individuals or companies, to proceed with the sale of assets, using market mechanisms. Proceeds generated by the sale of assets will be distributed according to the order of priority existing among creditors. Once the procedures mentioned above are completed, the Superintendent will decree dissolution of the financial agent. The Superintendence of Banks must complete the dissolution process of financial agents which are in the process within a period of one (1) year as of the date of promulgation of this Law. If at the end of this period dissolution is not completed, a report must be submitted to the Monetary Board explaining the causes that prevented its compliance within the prescribed term. The Monetary Board will regulate this Article.

Article 89. Conversion of the Banco Nacional de la Vivienda.

With the entry into effect of the present Law, the Monetary Board will establish through Regulations the implementation chronogram and operating procedures that will govern the conversion process of the Banco Nacional de la Vivienda into a second floor and multi-sectoral development bank in accordance with Article 74 of the present Law. Overall implementation of said chronogram must be carried out within a period of eighteen (18) months counted as of the date the present Law becomes effective. Said Regulation must establish, as a minimum, the following:

- a. The plan for gradual delivery to the Central Bank of the resources corresponding to legal reserves of the Savings and Loans Associations.
- b. The plan to transfer the Savings Insurance Fund of Savings and Loans Associations to the Central Bank.

c. Identification of the assets of the project financing department of the Central Bank (DEFINPRO) and other productive assets of compensatory profitability that the Government and the Central Bank will transfer to the Banco Nacional de la Vivienda. Transfer of DEFINPRO's assets must be carried out no later than six months after promulgation of this Law; transfer of other assets of compensatory profitability must be carried out in a form coordinated with the plans stated under literals a) and b) of this Article, so that it guarantees financial viability of the Banco Nacional de la Viviedna during the transition period.

d. Identification of any other activity of the Banco Nacional de Vivienda as a consequence of its prior monitoring and supervision role of the Savings and Loans System, as well as definition of treatment this will be subjected to.

SECTION IV

REPEALING PROVISIONS AND ENTRY INTO FORCE

Article 90. General Repeal Provision.

All legal or regulatory provisions opposed to that provided for under this Law are repealed. While Regulations for implementation of the Law are published, regulatory provisions in effect on the date of publication of this Law will remain in force in those portions that are not expressly revoked by same. If there is conflict as far as the scope of the repeal, the Monetary Board will rule to that respect, without further recourse until publication of the new Regulation.

Article 91. Specific Repeals.

The following Laws and Decrees are specifically revoked:

Executive Order 312, dated 1 June 1919, regarding Legal Interests.

Law 1528, dated 9 October 1947, Monetary Law and its revisions.

Law 2927, dated 18 June 1951, regarding Incineration of notes of the Central Bank of the Dominican Republic and its revisions.

Law 4247 dated 13 August 1955, which appoints the Governor of the Central Bank of the Dominican Republic as adviser to the Monte de Piedad [pawnshop].

Law 4290 dated 25 September 1955, regarding Small Amount Loan Houses and its revisions.

Law 5032 dated 21 November 1958 regarding Washing and Extraction of Gold and its revisions and Regulations.

Law 6142 dated 29 December 1962, Basic Law of the Central Bank of the Dominican Republic and its revisions.

Law 146 dated 19 February 1964 regarding prevention and counterfeiting of local currency.

Law 251 dated 11 May 1964 which regulates International Transfer of Funds and its revisions.

Law 708 dated 14 April 1965, General Banking Law and its revisions.

Law 292 dated 30 June 1966 regarding Financial Associations of Companies promoting Economic Development and its revisions.

Law 371 dated 22 October 1968 regarding banning of Reproduction or Publication of Facsimiles of Notes issued by the Central Bank.

Law 171 dated 7 June 1971 regarding Construction Mortgage Banks.

Law 48 dated 8 October 1974 which grants CEDOPEX control over export of local or foreign products or merchandise.

Law 82 dated 28 November 1974 which empowers the Monetary Board to temporarily suspend the Export License. Articles 131 and 132 of Mining Law 146 dated 4 June 1971. Article 2 of Law 664 dated 21 September 1977 which adds an Article to Law 173 dated 6 April 1966.

Decree 1573 dated November 1983 which adds two (2) paragraphs to Article 26 of Regulation 1679 of 1964. Regulation 1679 dated October 1964 for the implementation of Law 251 dated 11 May 1964 which regulates the international transfer of funds and its revisions.

ISSUED in the Assembly Room of the Senate, National Congress Palace, in Santo Domingo de Guzman, National District, Capital of the Dominican Republic, on the sixteenth (16) day of the month of November of the year two thousand two (2002); years 159 of Independence and 140 of Restoration.

ANDRES BAUTISTA GARCIA
President

JOSE ALEJANDRO SANTOS RODRÍGUEZ
Secretary

CELESTE GOMEZ MARTINEZ
Secretary