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UPDATED TEXT OF GENERAL LAW OF THE FINANCIAL AND INSURANCE SYSTEMS AND ORGANIC LAW OF THE SUPERINTENDENCY OF BANKING AND INSURANCE

LAW No 26702

Includes Modifications:
- Law No. 27008 issued on 05.12.1998
- Law No. 27102 issued on 06.05.1999
- Law No. 27287 issued on 19.06.2000
- Law No. 27299 issued on 07.07.2000
- Law No. 27331 issued on 28.07.2000
- Law No. 27584 issued on 07.12.2001
- Law No. 27603 issued on 21.12.2001
- Law No. 27693 issued on 12.04.2002
- Law No. 27964 issued on 18.05.2003
- Law No. 28184 issued on 02.03.2004
- Law No. 28306 issued on 29.07.2004
- Law No. 28393 issued on 23.11.2004
- Law No. 28579 issued on 09.07.2005
- Law No. 28755 issued on 06.05.2006
- Law No. 28677 issued on 01-03-2006
- Law No. 28971 issued on 26.01.2007
- Decree N° 1028 issued on 22.06.2008
- Decree N° 1052 issued on 27.06.2008
  - Law N°29440 issued on 19.11.2009
  - Law N°29623 issued on 07.12.2010
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PRELIMINARY TITLE

GENERAL PRINCIPLES AND DEFINITIONS

Article 1º.- SCOPE OF THE GENERAL LAW.
This law states the regulatory and supervisory framework that the companies of the financial and insurance system submits, as well as those carrying out activities which are similar or complementary to the corporate purpose of such companies.

CONST. Art. 87.
GRAL LAW. Arts. 2, 4, 11, 13, 16, 17, 19, 34, 39, 282, 345, 349 (3), 3ª, 5ª, 6ª, 11ª, 13ª. Disp. F and C.
C.C. Art. IX Preliminary Title.
L.G.S. Art. 2.
L.G.S.C. Art. 2.

Article 2º.- PURPOSE OF THE LAW.
The main aim of this law is to provide solid and reliable operations to the financial and insurance systems, which contributes to national development.

CONST. Arts. 58, 61, 87.
GRAL LAW. Arts. 130, 132, 134, 135, 347, 357.

Article 3º.- DEFINITIONS.
The terms and abbreviations that are listed in this Law shall have the meaning indicated in the glossary attached to this law.

L.M.V. Art. 8.

Article 4º.- ADDITIONAL ENFORCEMENT OF OTHER PROVISIONS.
The provisions of commercial and common law, as well as the commercial customs and practices, shall be supplementary applicable for the companies.

GRAL. LAW. Arts. 276 (1), 349 (6).
C.C. Arts. IX Preliminary Title, 1353, 1356.
L.G.S. Art. 2.
C. DE C. Art. 2.
L.M.V. Art. 2.
L.G.S.C. Art. 2.

Article 5º.- FOREIGN INVESTMENT PROCESSING.

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1 Enacted on 12/06/1996 and issued on 09/12/1996.
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Foreign investment in the companies shall have equal processing that the local capital with subjection, in its case, to the international agreements on the matter.

When relevant, the Superintendency takes into account criteria inspired in the Principle of Reciprocity, when public interest is affected, according to Title III of the Economic Regime of the Political Constitution.

CONST. Art. 63.
C.C. Art. 2073.
D. LEG 662. Art. 1 (a).

**Article 6º.- PROHIBITION OF DISCRIMINATORY PROCESSING.**
The general provisions issued by the Central Bank or the Superintendency in the exercise of their powers may not include special treatment that will discriminate between:

1. Companies of equal nature.
2. Companies of different nature, referring to the same operation.
3. Companies established in the country regarding its similar overseas.
4. Resident foreign individuals and legal companies set against the local ones, with respect to granting of loans.

CONST. Art. 2 (2).
LO.B.C.R. Arts. 4, 24 (c, k, l).

**Article 7º.- NON - PARTICIPATION OF THE STATE IN THE FINANCIAL SYSTEM.**
The State shall not participate in the national financial system, except for its investments that possesses in COFIDE as development bank of second level, in the Banco de la Nación, in the Banco Agropecuario and in the MIVIVIENDA Fund S.A.

CONST. Art. 60.
GRAL LAW. 13ª Disp. F. and C.
LO.M. Art. 71.

**Article 8º.- FREEDOM OF USE OF RESOURCES AND RISK DIVERSIFICATION CRITERIA.**
The companies of the financial and insurances system are free to allow the resources of its portfolios, with the limitations prescribed in the present law. They must observe in every moment risk diversification criteria, for which reason the Superintendency does not authorize the incorporation of companies designed to support a single sector of the economic activity, except the Banco Agropecuario.

CONST. Arts. 58, 59, 62.
GRAL LAW. Arts. 9, 200 to 215.
C.C. Arts. 1354, 1355.

**Article 9º.- FREEDOM TO FIX INTEREST RATES, FEES AND CHARGES.**
The financial system companies may set freely the interest rates, commissions and expenses for their loan and deposit operations and services. Nevertheless, for setting interest rates, they should observe the
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limits that for the effect indicate the Central Bank, exceptionally, in accordance with the predicted in its organic law. The provisions stated in the first paragraph of the article 1243º of the Civil Code shall not be applicable to financial services.

The insurance system companies determine freely the policy conditions, rates and other fees.

The interest rates, fees, and other charges collected by the financial and insurance system companies, as well as the conditions of the insurance policies, should be put in knowledge of the public, according to the provisions established by the Superintendency.

CONST. Arts. 58, 59, 62, 84.
GRAL LAW. Art. 8.
C.C. Arts. 1243, 1244.
L.O.B.C.R. Arts. 51, 52.
D. LEG 757. Art. 4.
I.G.V. Art. 7, Appendix II numeral 1.
I.R. Arts. 19 (c, i, ii), 24 (a y b).
S.D. 009-98-EF.
S.D. 034-98-EF.
DIR. 001-2000-SUNAT

Article 10º.- FREEDOM TO CONTRACT OVERSEAS INSURANCES AND REINSURANCES.

The residents in the country can hire overseas insurances and reinsurances.

CONST. Arts. 2 (14), 62.

Article 11º.- ACTIVITIES THAT REQUIRE AUTHORIZATION FROM THE SUPERINTENDENCY.

Every person that operates under the framework of the present law requires of prior authorization of the Superintendency according to the provisions established in the present law. Consequently, the one that lacks of this authorization, is prohibited of:

1. Engaging in the business of financial system companies, and principally, to grasp or to receive in an habitual form third party money, in deposit, loan or any another form, and to allocate habitually such resources as credits, investment or funds, under any contractual arrangement.

2. Dedicate to the business of the insurance system companies and, especially, to offer on its own insurance covers, as well as intermediate in hiring insurances; and other complementary activities to this. ³

3. Performing announcements or publications in which affirms or suggest to practice operations and services that are prohibited according to the previous numerals.

4. Using in its firm name, forms and generally in any means, any wording that would induce the public to believe that its business comprises activities which may only be carried out with the authorization of the Superintendency and under its supervision, in accordance with the provisions of Article 87 of the Political Constitution.

It shall be presumed that a individual or legal entity has incurred in the infractions whenever, not having authorization of the Superintendency, has an establishment which in whatever way:

a) Invites the public to provide money under any title, or to grant credits or financing; or

b) Invites the public to contract insurance cover directly or indirectly, or invites the insurance companies to accept its mediation; and ⁴

³ Numeral amended by Decree No. 1052 of 06/26/2008
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c) In general, advertises through any medium with the indicated purposes.

Those who violate the aforementioned prohibitions will be penalized in accordance with relevant articles of the Penal Code.⁵

The Superintendency is obliged to arrange the intervention of the establishments in which presume the execution of the activities prescribed in this article, without the corresponding authorization.

| CONST. | Art. 87. |
| GRAL. LAW. | Arts. 12, 19 to 21, 23, 26 al 28, 39, 43, 347, 349 (1 and 4), 351, 352, 356. |
| L.G.S. | Arts. 407 (7), 410. |
| C.P. | Art. 246. |
| LAW 26421. | Arts. 1, 5, 6. |

⁴ Paragraph amended by Decree No. 1052 of 06/26/2008
⁵ Paragraph amended by Decree No. 1052 of 06/26/2008
SECTION ONE
COMMON PROVISIONS FOR THE FINANCIAL AND INSURANCE SYSTEM

TITLE I
FINANCIAL AND INSURANCE SYSTEM COMPANIES INCORPORATION

CHAPTER I
INCORPORATION METHOD AND MINIMUM CAPITAL

Article 12°.-  COMPANIES INCORPORATION.
The companies must be incorporated under the corporation form, save those whose nature does not allow. In order to commence operations, their organizers should obtain previously of the Superintendency, the organization and operation licenses, and follow the procedure that dictate the same one with general character.
In the case of companies seeking transformation, conversion, merger or split, they must request the organization and operation license for the new type of activity.

CONST.  Art. 87.
GRAL LAW.  Arts. 11, 14, 16, 17, 19 to 21, 23, 26 to 28, 35, 61, 349 (1), 361 (9 and 10), 14ª Disp. Tran.
L.G.S.  Arts. 1, 2, 3, 53, 56, 333 to 390.
D. LEG 757.  Art. 5.

Article 13°.-  ARTICLES OF INCORPORATION.
The social deed and the articles of incorporation should be adapted to the present law in terms that oblige the companies to comply all their dispositions, and they should be recorded in the corresponding Public Records.
The Savings and Credit Local Institutions and Popular Credit Local Institution will be governed by their legislation and by the regulations indicated in the present law.

CONST.  Arts. 87.
GRAL LAW.  Arts. 14, 23 (2), 1ª, 14ª Disp. Tran.
L.G.S.  Arts. 5, 6, 15, 16, 54, 55.
C. DE C.  Art. 17.

Article 14°.-  AMENDMENTS TO BYLAW.
Every amendment to bylaws is subject to the regulations indicated in the first paragraph of the preceding article and should include the prior approval of the Superintendency, without the inscription in Public Records does not proceed. Modifications related to the capital stock increases referred in the first paragraph of article 62° are excepted, nevertheless, must be communicated to the Superintendency.
The ruling should be issued within thirty (30) business days of the application submission; otherwise, the proposed amendment shall be considered approved.

GRAL. LAW.  Arts. 13, 62, 64, 1ª Disp. Tran.
L.G.S.  Arts. 16, 198, 202.
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**Article 15°.- OFFICIAL COMPANY NAME.**

In the official company name should be included specific reference to the activity for what is constituted, even when for that , are used abbreviations, acronyms or is in a foreign language . It is prohibited to use the word "central", as well as any another denomination that confuse the nature of the company. In the official company name is mandatory to consign explicitly, the expression that reflects the company’s nature, as correspond.

It is not necessary that the term " Limited Liability Company " or the corresponding abbreviation is included.

**GRAL LAW.** Art. 21.

L.G.S. Arts. 9, 50, 55 (1).

**Article 16°.- MINIMUM CAPITAL.**

For the operation of the companies and its subsidiaries, is required that the capital stock, contributed in cash, reach the following minimum amounts:

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<tr>
<td><strong>A. Multi-business companies:</strong></td>
<td></td>
</tr>
<tr>
<td>1. Banking Institution: S/. 14 914 000,00</td>
<td></td>
</tr>
<tr>
<td>2. Financial Institution: S/. 7 500 000,00</td>
<td></td>
</tr>
<tr>
<td>3. Savings and Credit Local Institution: S/. 678 000,00</td>
<td></td>
</tr>
<tr>
<td>4. Popular Credit Local Institution: S/. 4 000 000,00</td>
<td></td>
</tr>
<tr>
<td>5. Small Business and Micro-enterprise Development Companies - EDPYME:</td>
<td>S/. 678 000,00</td>
</tr>
<tr>
<td>6. Savings and Loan Associations authorized to take public deposits:</td>
<td>S/. 678 000,00</td>
</tr>
<tr>
<td>7. Savings and Credit Rural Institution: S/. 678 000,00</td>
<td></td>
</tr>
<tr>
<td><strong>B. Specialized Companies:</strong></td>
<td></td>
</tr>
<tr>
<td>1. Real Estate Capitalization Companies: S/. 7 500 000,00</td>
<td></td>
</tr>
<tr>
<td>2. Financial Leasing Companies: S/. 2 440 000,00</td>
<td></td>
</tr>
<tr>
<td>3. Factoring Companies: S/. 1 356 000,00</td>
<td></td>
</tr>
<tr>
<td>4. Surety and Bonding Companies: S/. 1 356 000,00</td>
<td></td>
</tr>
<tr>
<td>5. Trust Companies: S/. 1 356 000,00</td>
<td></td>
</tr>
<tr>
<td>6. Mortgage Administrator Companies: S/. 3 400 000,00</td>
<td></td>
</tr>
<tr>
<td><strong>C. Investment Banks:</strong> S/. 14 914 000,00</td>
<td></td>
</tr>
<tr>
<td><strong>D. Insurance Companies:</strong></td>
<td></td>
</tr>
<tr>
<td>1. Companies covering a single line (general risks or life): S/. 2 712 000,00</td>
<td></td>
</tr>
<tr>
<td>2. Companies covering both lines (general risks and life): S/. 3 728 000,00</td>
<td></td>
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<tr>
<td>3. Insurance and Reinsurance Companies: S/. 9 491 000,00</td>
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<td>4. Reinsurance Companies: S/. 5 763 000,00</td>
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**GRAL LAW.** Arts. 18, 34, 42, 62, 63, 64, 71, 95 (1,b), 132 (3), 224, 356 (3), 361, 3ª F. and C. Disp.

L.G.S. Arts. 51, 52, 54 (3 y 4), 55(5).

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6 December 1996 figures, which are updated periodically.

7 Numeral incorporated by Law No. 28971 of 26/01/2007, amending Paragraph B. The amount of social capital will be updated quarterly based on the information for the month in which the Law comes into operation.
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LAW 28971    Art. 2.

Article 17º.- MINIMUM CAPITAL OF COMPANIES PROVIDING COMPLEMENTARY AND SIMILAR SERVICES.

For the establishment of companies of connected and complementary services, is required that the capital stock reach the following minimum amounts:

1. General Bonded Warehouse: S/. 2 440 000,00
2. Transport, Custody and Cash Administration Company: S/. 10 000 000,00
3. Credit and/or Debit Cards Company: S/. 678 000,00
4. Funds Transfer Company: S/. 678 000,00

GRAL LAW. Arts. 18, 34, 62, 63, 64, 71, 95 (1,b), 132 (3), 224, 356 (3), 361, 3ª Disp. F. and C., 12ª Disp. F. y C., 10ª Disp. Tran.

L.G.S. Arts. 51, 52, 54 (3 and 4), 55 (5).

Article 18º.- UPDATING OF LIMITS.

The figures stipulated in articles 16º and 17º are stated in constant value and are updated quarterly, on the basis of Wholesale Prices Index, related to the entire country that publishes monthly the National Institute of Statistics and Information. The resultant figures are rounded up to the nearest hundred. It is considered like index base the corresponding to October 1996.

GRAL LAW. Arts. 16, 17, 63, 95 (1,b), 132 (3), 224, 356 (3), 361.

L.G.S. Arts. 51, 52, 205.

CHAPTER II
ORGANIZATION APPROVAL

Article 19º.- COMPANY ORGANIZERS.

Individuals and legal companies applying as organizers of the companies referred in articles 16º and 17º, must be of recognized moral integrity and financial capacity. No minimum number of organizers is required, however, at least one should be subscriber of the capital stock of the corresponding company.

The Superintendency is empowered to authorize the organization and business license of the companies included in articles 16º and 17º of the present Law. In case of companies considered in items A, B and C of article 16º are subject to the prior opinion of the Central Bank.

CONST. Art. 87.

GRAL LAW. Arts. 12, 16, 17, 18, 20 to 23, 25, 42, 349 (1).

L.O.B.C.R. Art. 24 (i).

L.G.S. Arts. 54 (1), 70 to 73.

Article 20º.- IMPEDIMENTS TO BE ACCEPTED AS ORGANIZERS.

The following can not be organizers of companies:

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8 December 1996 figures, which are updated periodically.
9 Numeral rescinded by Law No. 29440 of 11/18/2009.
10 Article amended by Legislative Decree No. 1052 of 06/26/2008.
1. Those convicted by crimes of illicit drugs traffic, money laundering, terrorism financing, terrorism, national security attempts and treachery and other fraudulent crimes, even if they have been rehabilitated.

2. Those who by reason of their functions, are prohibited from engaging in commerce, according to the legal provisions in force.

3. Those who are in process of insolvency and declared bankrupted.

4. Main shareholders of a legal entity that is in process of insolvency or bankruptcy.

5. Members of the Congress and the local and regional Governments.

6. Directors, employees and advisors of public agencies that regulate or supervise the company’s activity.

7. The Directors and employees of a company of the same nature, excepting the ones of an insurance company to organize another that operates in a different field.

8. Those who have had documents protested during the past five years and which have not been rectified to the satisfaction of the Superintendency.

9. Individuals and legal companies that have canceled its operation authorization, or its inscription in any registration required to operate or to carry out public offering of values, by legal infraction in Peru or overseas.

10. The majority shareholders of a legal entity which have canceled its operation authorization, or its inscription in any registration required to operate or to carry out public values offering, by legal infraction, in Peru or overseas.

11. The ones that in the last ten years, starting from the date of the authorization request, have been majority shareholders directly or through third parties, directors, managers or main executives, of companies or private administration of pension funds, that have been intervened by the Superintendency. For these effects will not be considered the participation of a person by a lower time limit of a year, accumulated in the time limit of ten years.

12. The ones that, like directors or managers of a legal entity, in the last ten years, starting from the date of the authorization request have turned out administratively responsible for acts that have deserved sanction.

13. The ones that incur in personal, professional or commercial conduct that can put in risk the proposed to constitute company stability or the security of their depositors or policyholders.

14. The ones that participate in shares, negotiations or legal acts of any class, that contravene the laws or the good financial or commercial practices established in Peru or overseas.

15. The ones that have been disqualified for the exercise of charges or public positions, for a penal or administrative infraction.

Regarding a legal entity the impediments established in the numerals 3, 4, 9, 10, 11, 13 and 14 will be considered regarding their majority shareholders, of the ones that exercise their control, as well as of their directors, managers and main executives to the authorization request date.

**Article 21º.- APPLICATION FOR ORGANIZATION .**

The requests for the organization of the financial and insurance system companies should contain the information and requirements of formal character that establishes the Superintendency by regulations of general character, the same that will indicate the procedure to be observed.
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Should be included to the request the guarantee deposit certificate constituted in any company of the financial system governed by the present law, to the order of the Superintendency by an equivalent total of five percent (5%) of the minimum capital stock. That certificate will be returned to the organizers, properly endorsed in case the request is denied.

Once the complete documentation has been received, the Superintendency will put it in knowledge of the Central Bank in cases dealing with companies of the financial system described in the clauses A, B and C of article 16°. The Central Bank should emit its opinion on the thirty (30) days of received the respective official letter.

Within ninety (90) days of the receipt of the opinion of the Central Bank, the Superintendency shall issue the resolution authorizing or refusing the company organization. In case the organization is refused, the Superintendency, in the measure of it and at the request of the applicant, should report the refusal reasons.¹¹


Article 22°.- REQUIREMENTS TO BE AN ORGANIZER.¹²
The organizers should comply requirements of moral and technical suitability and not to be involved in the impediments established in article 20°.

GRAL LAW. Arts. 19, 20, 21, 134 (2).

Article 23°.- CERTIFICATE OF AUTHORIZATION TO ORGANIZE.
Once the organization authorization resolution is issued, the Superintendency will offer the corresponding certificate. With that certificate, the organizers must:

1. Publish the certificate once in the official newspaper El Peruano, within thirty (30) days of issuing, under expiration penalty at the end of this term.
2. Grant the corresponding public deed, into which the certificate must be mandatorily inserted, under the responsibility of the participating public notary.
3. Carrying out all other conducive actions to obtain the operation authorization.

The organization authorization certificate expires two (2) years after it was issued.

GRAL LAW. Art. 12.


L.G.S. Arts. 5, 15, 16, 18, 43, 44, 53, 54, 55.

Article 24°.- USE OF CAPITAL.
According to the regulations established by the Superintendency, the amount of the initial capital stock only will be able to be used during the organization stage for the following purposes:

1. To cover the expenses that the process demands.
2. To purchase or build premises to be used by the company.
3. To purchase the furniture, equipment and machinery required for the operation of the company.
4. Hiring necessary services to begin operations.

The remainder will be invested in government values or obligations of the Central Bank, deposited in a company incorporated in the country.

L.G.S. Art. 24.

¹¹ Paragraph amended by Legislative Decree No. 1052 of 06/26/2008
¹² Article amended by Legislative Decree No. 1052 of 06/26/2008
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for
any legal purpose is Spanish as published in the Official Gazette.

I.G.V.  Art. 1 (b).

**Article 25°.- GUARANTEE OF THE ORGANIZERS.**

Without prejudice to the security deposit referred to in article 21, the organizers shall individually and
jointly guarantee the realization of capital stock contributions. Both types of guaranties shall remain in
effect until thirty (30) days after assumption of duties of the Board of Directors.

GRAL LAW.  Arts. 19, 21.
C.C.  Arts. 1183 and 1186.
L.G.S.  Arts. 22 to 30, 52, 59.

**CHAPTER III**
**BUSINESS LICENSE**

**Article 26°.- VERIFICATIONS TO BE DONE BEFORE ISSUING THE BUSINESS LICENSE.**

When the organizers communicates in writing that have completed the requirements for the company’s
operation, the Superintendency will proceed to do the verifications that correspond.

GRAL LAW.  Arts. 12, 13, 16, 17, 18, 20, 22, 25, 50, 52, 54, 55, 81,92, 134 (2), 381.
L.G.S.  Arts. 5, 6, 51, 52, 54, 59.
R.M. N° 0689-2000-IN-1701

**Article 27°.- RESOLUTION AUTHORIZING THE BUSINESS LICENSE.**

Once the verification and checks referred to in the preceding article have been done and within a term not
to exceed thirty (30) days, the Superintendency shall issue the corresponding resolution authorizing the
granting of the business license. This certificate must be published twice, the first time in the Official
Newspaper and the second in a major newspaper of national circulation. In addition, the certificate must
be permanently displayed in the head office of the company, in a conspicuous place. 13

GRAL LAW.  Arts. 12, 26, 28, Glossary (days).
L.G.S.  Arts. 43, 44.
C.C.  Arts. 183 (1), 184.

**Article 28°.- EFFECT OF THE BUSINESS LICENSE.**

The business license is operative for an indefinite period and may only be cancelled by the
Superintendency as a sanction for a serious offense incurred by the company.

GRAL LAW.  Arts. 26, 27, 114, 356, 361 (9), 362, 381.

**Article 29°.- COMPANY SHARES INSCRIPTION IN THE STOCK EXCHANGE MARKET**

Banking, financial and financial leasing institutions as well as companies comprising the insurance system
must have the shares representative of their stock listed in the stock exchange before they begin their
operations with the public.

13 Second paragraph repealed by D. Leg. No. 22-06-208 1028 published and came into force on 01-12-2008.
Whenever it deems it convenient, the Superintendency may request those companies not included in the preceding paragraph to be listed in the stock exchange.

M.S.A. Arts. 11, 13, 16, 85, 132 (a, g), 18ª F. and C Disp.

**TITLE II**

**OTHER AUTHORIZATIONS**

**CHAPTER I**

**AUTHORIZATION FOR OPENING, TRANSFERRING AND CLOSING BRANCHES AND OTHER OFFICES**

**Article 30°.** OPENING OF BRANCHES, PREMISES OR SPECIAL OFFICES.

The opening of branches or premises by a company of the financial system or of the insurance system, whether within the country or abroad, shall require prior authorization by the Superintendency.

In the case of the opening of a branch abroad, before issuing the corresponding authorization, the Superintendency must obtain the opinion of the Central Bank.

The opinion must be given within fifteen days if the office will operate within the country, and within sixty days if its operations will be abroad. This term shall be counted as from the date of receipt of the application, including all supporting documents.

The refusal of any application referred to in this article must state the relevant grounds; but it may not be challenged through administrative or legal proceedings.

**GRAL LAW.** Arts. 31, 32, 39, 39-a.

**L.G.S.** Arts. 21, 396 to 399.

**L.O.B.C.R.** Art. 24 (i).

**Article 31°.** OBLIGATION TO DISPLAY THE BUSINESS LICENSE.

The original resolution of approval of the business license, as well as a copy of the business license of the company must be displayed at all branches, agencies or special offices of the company.

**GRAL LAW.** Arts. 27, 30, 32.

**L.G.S** Art. 398.

**Article 32°.** RELOCATION AND CLOSURE OF BRANCHES, PREMISES OR SPECIAL OFFICES.

Provided they offer services to the public, the relocation or closing down of branches, premises or special offices of companies comprising the financial system or the insurance system, within the country or abroad, shall also require the prior authorization of the Superintendency. To this effect, the terms prescribed in Article 30 shall apply.

Cases of relocation or closing down of branches of companies of the financial system abroad must be communicated to the Central Bank.

**GRAL LAW.** Arts. 27, 30, 31.

**L.G.S.** Art. 402.

**L.O.B.C.R.** Art. 24 (i).

**Article 33°.** ESTABLISHMENT OF SERVICE WINDOWS.

The companies of the financial and insurance system may share premises for the provision of their services, including cases involving window contracts and spaces leasing. These contracts will be put in knowledge of the Superintendency to protect the control and security demands.
CHAPTER II
AUTHORIZATION TO INCORPORATE SUBSIDIARIES

Article 34º.- INCORPORATION OF SUBSIDIARIES.
Companies of the financial system may incorporate subsidiaries for the purposes referred to in article 224º.
The general insurance companies may incorporate subsidiaries that operate in the life insurance companies and vice versa or for the purposes indicated in article 318º.

GRAL LAW. Arts. 12, 35, 36, 37, 217 (9), 224, 345, 349 (1, 4).
L.G.S. Arts. 5, 50 to 53.

Article 35º.- AUTHORIZATION TO INCORPORATE SUBSIDIARIES.
For the establishment of subsidiaries that are going to carry out activities predicted in the present law, is required to count previously, with the organization and corresponding business license; excepting them of the requirement of submission of the certificate of guaranty stipulated in article 21º, as well as the cash contribution of the capital stock, when is a matter of mergers or splits of these companies.
However, about the subsidiaries described in items 3, 4 and 6 of article 224º corresponds to CONASEV to issue the authorization of the business license.

GRAL LAW. Arts. 12, 16, 17, 18, 21, 34, 36, 224, 345, 349 (1, 4).
L.M.V. Arts. 13, 15, 185, 186, 188, 189, 259, 302, 3ª Tran. Disp., 16º, 18ª F. and C. Disp.
D. LEG 862. Art. 12.
Res. CONASEV. N° 26-2000-EF/94.10
Res. CONASEV. N° 42-2003-EF/94.10

Article 36º.- RULES FOR THE INCORPORATION OF SUBSIDIARIES.
For the incorporation of subsidiaries by the financial system and insurance companies, govern the following rules:

1. The group of investments in subsidiaries cannot be more than the forty percent of the company’s capital, save the case of general insurances company subsidiaries, dedicated to life insurance.
2. The participation of the financial system or insurance companies in the stock capital of a subsidiary cannot be lower than the three fifth parts.
3. The shareholders plurality is not requireable.
4. The directors and employees of the main office can be, at the same time, directors or employees of their subsidiary and vice versa.
5. They will be able to celebrate with their main office, contracts that permit them to include the backup in the data processing, administrative area and other related fields.

GRAL LAW. Arts. 16, 34, 35, 37, 50, 79, 81 (6, 7), 92, 224.
L.M.V. Arts. 187, 263, 305.
D. LEG 862. Art. 16.
L.G.S. Art. 4.

Article 37º.- OTHER APPLICABLE REGULATIONS TO THE SUBSIDIARIES.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

The other dispositions of the present law are applicable to the subsidiaries, as may be appropriate.

GRAL LAW. Arts. 4, 16, 34, 35, 36, 79, 224.
L.G.S. Art. 2.

CHAPTER III
AUTHORIZATION FOR THE CONSTITUTION OF ASSETS TRUST CREDIT INSURANCE

Article 38º.- CONSTITUTION OF ASSETS TRUST CREDIT INSURANCE. 14
The Superintendency shall approve the constitution of assets trust credit insurance referred to in Article 334 or those for the establishment of contingency coverage or funds in favor of depositors and holders or users of credit or debit cards or other services deciding to incorporate companies. In these cases, the Superintendency shall obtain the opinion of the Central Bank.

In cases of winding up a company managing an assets trust, the Superintendent may appoint a substitute.

Regulations of assets trust and their coverage and contract transactions shall be contained in the regulatory provisions issued by the Superintendency.

GRAL LAW. Arts. 349 (1), 334, 20ª F. and C. Disp.
L.O.B.C.R. Art. 24 (i).
C.P.C. Art. 65.

CHAPTER IV
AUTHORIZATION FOR THE ESTABLISHMENT OF COMPANIES OF THE FINANCIAL AND INSURANCE SYSTEMS OVERSEAS

Article 39º.- ESTABLISHMENT OF OVERSEAS COMPANIES. 15
Companies of the financial system and of the insurance system domiciled overseas seeking to setup an office to serve the public in the country, must secure the authorization of the Superintendency. In the case of companies of the financial system, the Superintendency must request the opinion of the Central Bank within the term prescribed in the third paragraph of Article 21, following the procedure defined by the Superintendency. The provisions of the Law shall be applicable in these cases.

The dispositions of the present law are applicable to the branch offices indicated in the previous paragraph. They will have the same rights and are subject to the same obligations of the national companies of equal nature.

The branch offices cannot start diplomatic claims regarding the company and operations that perform in the country, be that they invoke rights derived of their nationality or any other reason.

The resident creditors in Peru have the preferential right on the branch office assets of a company of the financial and insurance system, overseas, located in Peru, in case of liquidation of the company or of their branch office in Peru.

CONST. Art. 63.

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14 Amended by Law No. 27102 of 05/05/1999.

15 Article amended by Legislative Decree No. 1052 of 06/26/2008
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

GRAL LAW. Arts. 5, 12, 19, 21, 22, 27, 349 (1), 20ª F. and C. Disp.
L.G.S. Arts. 21, 396, 403, 404, 406.

Article 39-a°.- SPECIAL DISPENSATION TO THE BRANCH OFFICES. 16

The branch office established according to the article 39° is not obliged to have Board of directors, but should include a representative with the most extensive faculties to oblige it in all concerning the activities development.

Those branch offices are authorized to conduct their company continuing their own practices, provided that they do not contravene the Peruvian regulations.

L.G.S. Art. 396.

Article 40º.- VERIFICATION OF PRESENTED DOCUMENTATION.

Received the request and examined the documentation presented, the Superintendency verifies the solidity and seriousness of the petitionary institution and, to be the case, offers an organization authorization certificate.

L.G.S. Art. 396.

Article 41º.- OPERATION AUTHORIZATION.

When the Superintendency has confirmed that the prescribed capital has been assigned and contributed, and that have accomplished the pertinent established requirements, issues the corresponding operation authorization resolution.

Said resolution is sufficient for the inscription of the office in the corresponding Public Records and should be published for a single time in the Official Newspaper, as well as exhibited permanently in the Head Office, in a visible place to the public.

GRAL LAW. Arts. 22, 134 (2), 39, 41, 42.

Article 42º.- DESIGNATED CAPITAL STOCK. 17

The branch offices referred to in article 39°, should have a minimum capital assigned equivalent to the companies that carry out the same activities in the country, the one that should be kept in the country. The operations of these branch offices are limited by the capital based in Peru.

GRAL LAW. Arts. 16, 18, 26, 39, 40, 41.
D. LEG 662. Art. 1.

CHAPTER V
AUTHORIZATION OF REPRESENTATIVES OF COMPANIES NOT DOMICILED IN THE COUNTRY

Article 43º.- APPLICATION TO PRACTICE THE REPRESENTATION OF A COMPANY NOT DOMICILED IN THE COUNTRY. 18

16 Article incorporated by Legislative Decree No. 1052 of 06/26/2008
17 Article amended by Legislative Decree No. 1052 of 06/26/2008
18 Article amended by Decree No. 1052 of 06/26/2008
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

The representative appointed by a company of the financial system overseas, should be authorized previously by the Superintendency the one that exercises its supervision. For said effect, the representative presents a request, accompanied by the public instrument that contain the appointment and other pertinent documents established by the Superintendency.

The representatives of the reinsurances and reinsurances broker enterprises, overseas, are held to the dispositions established by the Superintendency in agreement to the arranged in the present law.

The financial companies representation, of overseas reinsurances and overseas reinsurance brokers that exercise natural people or legal residents in Peru, and that does not have SBS authorization, could be object of closing of their establishment and of the sanctions established by the Superintendency in their regulation.

GRAL LAW. Arts. 44 al 49, 349 (1).
C.P.C. Arts. 67, 72 to 75.

Article 44°.- EVALUATION TO AUTHORIZE THE REPRESENTATION. 

To give the authorization referred to in article 43°, the Superintendency evaluates the technical suitability and morale of the person appointed as the representative and the economic and technical reliability of the person that will be represented, requiring for it the information that accredits suitability and reliability.

GRAL LAW. Arts. 43, 349 (1).

Article 45°.- ACTIVITIES OF THE REPRESENTATIVES. 

The representatives of the overseas financial system companies can only carry out the following activities:

1. Promoting their represented services among companies of similar nature that operates in the country, for the purpose of facilitating the foreign trade and provide external financing.

2. Promoting the different financing offers of its represented between legal and natural people interested in the purchase or sale of goods and services in the outside markets.

3. Promoting its represented services among potential credit plaintiffs or external capital.

GRAL LAW. Arts. 11, 43.

Article 46°.- ACTIVITIES PROHIBITED TO REPRESENTATIVES.

The representatives of the overseas financial system companies are prohibited to:

1. Carry out transactions and offering services proper of their principal.

2. Taking in deposits or placing them directly in the country.

3. Directly offering or placing , within the country other foreign titles.

GRAL LAW. Arts. 11, 43, 347.

Article 47°.- IDENTIFICATION OF REPRESENTATIVES.

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19 Article amended by Decree No. 1052 of 06/26/2008
20 Article amended by Decree No. 1052 of 06/26/2008
21 Article amended by Decree No. 1052 of 06/26/2008
22 Article amended by Decree No. 1052 of 06/26/2008
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

The representatives of the financial system companies, reinsurance companies and of the reinsurance broker companies, overseas, can use written identification media that accredit them, provided there is an indication that their principal is not domiciled in the country.

GRAL LAW. Arts. 15, 43, 45, 46.

Article 48º.- SUPERVISION OF REPRESENTATIVES. 23
The acts of representatives of the financial system companies, of the reinsurance companies and of the reinsurance broker companies, overseas, are subject to supervision by the Superintendency, the one that is authorized to revoke the authorization and to deny the accreditation of one new.
Likewise, the Superintendency will require them to submit periodical reports concerning their activities.
GRAL LAW. Arts. 43, 345, 349 (2).

Article 49º.- AUTHORIZATION REVOCATION. 24
The Superintendency will revoke the authorization offered to a representative company of the overseas financial system, when infringes the limitations and prohibitions indicated in articles 45º and 46º.
For the case of representatives of the reinsurance companies and of the reinsurance broker companies, overseas, there is place to the authorization revocation when the company representative infringes the limitations and prohibitions established by the Superintendency according to article 43º.

GRAL LAW. Arts. 43, 44, 46, 347, 356, 361.

TITLE III
CAPITAL, RESERVES AND DIVIDENDS

CHAPTER I
SHAREHOLDERS AND CAPITAL

Article 50º.- MINIMUM SHAREHOLDERS NUMBER.
The companies of the financial and insurance systems organized as corporations should have in every moment, the minimum shareholders number established in the Business Corporation Act.
Individuals and legal companies that acquires shares in a company, directly or indirectly, by a total of one percent (1%) of the capital stock in the course of twelve months, or that with those purchases reach a participation of three percent (3%) or more, has the obligation to provide to the Superintendency the information requested by this Agency, for the identification of its main economic activities and the structure of its assets. This includes providing the shareholders name in the case of companies issue bearer shares.

GRAL LAW. Arts. 19, 51 to 60, 134 (2), 347.
L.G.S. Arts. 4, 51, 84, 407 (6), 423 (6).

Article 51º.- SHARES OWNED BY A SINGLE PARTY.
For the shares ownership in a determined company of the financial or insurance system by a single party, there is no more limitation than the one that imposes the established requirements in the previous article.

23 Article amended by Decree No. 1052 of 06/26/2008
24 Article amended by Decree No. 1052 of 06/26/2008
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

Article 52°.- REQUIREMENTS TO BE A SHAREHOLDER. 25
The shareholders should comply requirements of moral suitability and economic reliability.
Cannot be shareholders of a company of the financial or insurance systems, the ones that incur in the impediments indicated in items 1,2,3,4,5, 8, 9,10,11,12,13,14 and 15 of the article 20° of the present law.
The impediments indicated in items 2 and 5 will not be applicable if the impediments are after the shareholder condition, whenever the shareholder condition does not generate interest conflict with the position and functions that performs.

GRAL LAW. Arts. 50, 52 al 55.

Article 53°.- LIMITATIONS TO HOLDINGS IN A COMPANY BY ANOTHER COMPANY OF THE SAME NATURE.
A company may not be a shareholder of another company of the same nature belonging to the financial system or to the insurance system. For these purposes, it shall not be considered that a company is of the same nature, if it is a different type of company forming part of the financial system or of the insurance system, if such type is different from that of the company involved.
Purchases of shares for the purpose of taking over a company issuing shares for the relevant transfer shall be exempted, provided a sworn declaration is issued to the Superintendency. If six (6) months have elapsed since the sworn declaration was issued, and the merger has not been formalized, the holder of the shares issued for such purpose shall be obliged to transfer them and it shall be impeded from exercising voting rights with respect thereto.

GRAL LAW. Arts. 20, 22, 51, 58, 59, 347, Glossary (resolution issued on a basis of consciousness).
C.P. Art. 102.

Article 54°.- LIMITATIONS TO SHAREHOLDER REGARDING THE POSITION
The officials and public employees referred in article 39° of the Political Constitution, as well as its spouses, cannot be shareholders of a company of the financial or insurance systems, in a proportion that exceeds five percent of the Company’s Capital stocks.
The CONASEV President, the Superintendent, employees of both institutions, as well as their spouses, may not hold shares of a company of the financial system or of the insurance system at all.
Such limitation shall not apply in the case of shares acquired prior to assuming the position or function, provided this is included in the corresponding sworn declaration of assets and income. Also exempted are shares which, without altering the pre-existing percentage, may be subscribed in the cases of capital increases.

CONST. Arts. 39, 41, 92.
GRAL LAW. Arts. 59, 365 (1), 19ª Disp. F. and C.
L.G.S. Arts. 101.
L.G.M Art. 27.

Article 55°.- LIMITATION FOR MAJORITY SHAREHOLDERS OF ANOTHER COMPANY OF THE SAME NATURE.
Anyone who is directly or indirectly, a majority shareholder of the financial or insurance system company, cannot be holders, directly or indirectly, of more than the five (5%) percent of the shares of another company of the same nature.

GRAL LAW. Arts. 53, 59 Glossary (majority shareholders).

25 Article amended by Decree No. 1052 of 06/26/2008
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

L.G.S.        Arts. 101, 133.

Article 56º.- SHARE TRANSFER.
All transfer of shares of a company of the financial and insurance systems should be registered in the Superintendency. When applicable, the institutions of clearing and liquidation of values will establish with the Superintendency the utilization of the most convenient data processing media to offer real time computer access.

In the case of companies which are not listed in the stock exchange; or which if they are, their stock is traded elsewhere, it shall be the responsibility of the General Manager of the company, to submit to the Superintendency within the first ten (10) business days of each month, a list of all transfers that have taken place during the preceding month.

GRAL LAW.    Arts. 29, 50, 57, 59, 347, 18ª Disp. Tran.
L.G.S.        Arts. 92, 100 to 102.
L.M.V.        Arts. 31, 49, 123, 223, 227, 234.

Article 57º.- TRANSFER OVER TEN PERCENT (10%) OF THE CAPITAL STOCK.
The transfer of the shares of a company of the financial system or of over ten percent insurances (10%) of its capital stock in favor of a single person, directly or by third party, requires the Superintendency previous authorization.

The provisions of the preceding paragraph shall govern cases where, between the presumed purchase and the previous holdings of the party involved, the said percentage is reached.

If a legal entity, resident in Peru, was a shareholder in greater percentage before indicated in the company, its associates should include the previous authorization of the Superintendency to assign rights or shares of that legal entity in upper proportion than ten percent (10%). If the legal entity shareholder was a non domiciled, remains obliged to inform the Superintendency in the event that a modification in the composition of their shareholding is produced, in the proportion of the excess of said percentage, indicating the name of the shareholders of the latter.

It is the company’s obligation to inform the agency in cases in which becomes aware that a portion of its shares has been purchased by a non domiciled, indicating the names of the shareholders of that company.

GRAL LAW.    Arts. 56, 58, 59, 347.

Article 58º.- REFUSAL OF SHARE TRANSFER APPLICATION.
The Superintendent will deny the requested authorization according to the previous article, if the natural person that intend to acquire the shares or the shareholders, directors or employees of the legal entity that have equal purpose, were found in the following cases:

1. Were affected by the impediments indicated in articles 20º, 52º and 53º, or by the restrictions of articles 54º and 55º.
2. Were carrying out activities prohibited in article 11º.

The resolution is not disputable.

GRAL LAW.    Arts. 11, 19, 20, 52 to 55, 57, 347.

Article 59º.- SANCTION IMPOSED TO THE BUYER THAT INFRINGES REGULATIONS ON LIMITATIONS TO THE PARTICIPATION IN THE CAPITAL STOCK COMPANIES.
In case of acquiring the shares with infringement of articles 52º, 53º, 54º and 55º, the buyer is sanctioned with a fine of equivalent total to the value of the shares that had been transfered. Not withstanding the above, the buyer shall have the obligation to sell the shares within thirty (30) days and, if such time limit
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

expires without the situation being rectified, the fine will be duplicated. Additionally, the buyer infringing the provisions of articles 54° and 55° cannot exercise its voting rights in the shareholder’s meetings.

In case the shareholder refused to comply with the established in articles 50° and 57°, the Superintendency will be able to suspend the exercise of its rights, including the voting right and to perceive participations in the utilities. In addition, the shares owned by the shareholder involved shall not be counted in the calculation of the quorum and majority required in shareholder’s meetings.

GRAL LAW. Arts. 50, 52 to 55, 57, 347, 356 (1), 361.
L.G.S. Art. 95 (2).

Article 60°.- PREFERRED STOCK.
The companies of the financial and insurance systems may issue preferred stock, with or without the right to vote. Preferred shares may be redeemable or for fixed terms, with right to cumulative or not cumulative dividend, and other, according the established in the Shareholders General Meeting.

Losses shall be absorbed, first of all, by common shares; and only when the value of the latter has been used, shall preferred shares absorb the remainder. If the losses reduce the book value of the equity by one third or more, shares with no voting rights shall benefit from such right, unless the capital stock is increased through the subscription of new common shares.

Additionally, the companies will be able to issue and place shares under pair, subject to the following procedure:
1. Charge the placement discount amount to their retained earnings account and/or voluntary reserves account; or
2. Charge the financial expense to profits, to be done during the same fiscal period when the shares were placed.

GRAL LAW. Art. 184
L.G.S. Arts. 72, 88, 94, 96, 97, 100 (3).

Article 61°.- COMPANY MERGERS AND SPLITS – DISSIDENTS MEMBERS RIGHTS.
Agreed by the respective General Meetings the fusion of two or more companies of the financial and insurance systems, the shareholders have the right to sell their shares to the corresponding company according to the regulations of the Business Corporation Act.

The same right entitles the shareholders for the company division.

GRAL LAW. Arts. 12, 51, 53, 57.
L.G.S. Arts. 115 (7), 200 (4), 344 to 390.
LAW No. 26901.

Article 62°.- INCREASE OF THE COMPANY CAPITAL STOCK .
The capital stock of a company of the financial or insurance systems may only be increased by means of cash contributions, capitalization of profits, or capital restatement as a result of global adjustments by inflation.

Exceptionally, and subject to prior authorization of the Superintendency, that capital stock will also be able to be increased through fusion, conversion of company’s obligations into shares, or any other modality authorized by the Superintendency.

About the increase by contribution of real estate, the authorization of the Superintendency will proceed only when is a matter of capital increases above the minimum capital required in cash, and even by an equivalent limit to seventyfive percent (75%) of the effective capital, to the date of the contribution.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

In the insurance companies case, including the Superintendency authorization, the capital increase referred in the previous paragraph can also take place through contributions performed in any of the other assets predicted in the article 311º.

GRAL LAW. Arts. 14, 16, 17, 18, 71, 347.
L.G.S. Arts. 25, 26, 27, 74, 198, 201, 202, 204, 206, 213, 214.

Article 63º. TREATMENT OF CAPITAL DEFICIT.
The capital deficit that result by application of the article 16º, 17º and 18º should be covered during the following quarter. Exceptionally, the Superintendency can grant an overtime of ninety (90) days, for which evaluates if the company has been conducted adequately and if has performed reasonable efforts to comply with their obligations.

Said overtime cannot be granted for two consecutive times.
GRAL LAW. Arts. 16, 17, 18, 62, 66, 71, 132 (3), 347.

Article 64º. CAPITAL STOCK REDUCTION.
With exception of the established in article 69º, every capital reduction or legal reserves must be authorized by the Superintendency,

Notably, and subject to the discretion of the Superintendency, there is no reduction:
1. Of the not covered value of the legal reserve, with relation to the minimum capital.
2. Of the existing deficit total regarding the orderly provisions by the Superintendency.
3. If, as a result of the reduction, the operational limits of the company should result exceeded.
GRAL LAW. Arts. 66 (2), 69, 132 (2, 4), 185 (1).
L.G.S. Arts. 215 to 218, 220.

CHAPTER II
APPLICATION OF PROFITS

Article 65º. APLICATION OF PROFITS
The profits of the fiscal period are determined after performing deductions for all the provisions arranged by the law, determined by the Superintendency or agreed by the own company.
L.G.S. Arts. 229 to 232.

Article 66º. PRIORITY IN THE APPLICATION OF UTILITIES.
The order of priority for the application of profits of companies of the financial and insurance systems, shall be the following:
1. To recompose the minimum capital as required by Article 16 º, 17 º and 18 º.
2. For the constitution, by the companies of the financial system, of the legal reserve or, in its case, for its reconstruction to the limit referred in the second paragraph of the article 69º.
3. For the constitution, on the part of the insurance system companies, of the guaranty fund referred in article 305º, or, in its case, for its replenishment up to the limit referred in the second paragraph of article 69º.
4. For the constitution of optional reserves or dividends distribution.
GRAL LAW. Arts. 16, 17, 18, 63, 67, 68, 355.
CHAPTER III
RESERVES

Article 67º.- LEGAL RESERVE.
The companies of the financial and insurances system should reach a reserve not smaller than the equivalent of the thirty-five percent of their capital stock.
The reserve in mention is constituted transferring yearly not less than ten percent of the utilities after taxes and is substitute from that referred in article 258º of the Business Corporation Act.

GRAL LAW. Arts. 16, 17, 18, 68, 69, 70, 132 (2), 354 (1).
L.G.S. Arts. 229, 232.
I.R. Art. 37 (h).

Article 68º.- OPTIONAL RESERVES.
It will not be able to agree the annual utilities transfer to the optional reserve account, without previously comply with the preferential application arranged by this law for the constitution of the legal reserve in the annual percentage established in the previous article or for the reconstruction of the legal reserve in the arranged form by the following article.
The established by the present article is not applicable to the insurances system companies in which concerns to the technical reserves.

GRAL LAW. Arts. 67, 69, 132 (2), 354 (1).
L.G.S. Art. 229.
I.R. Art. 37 (h).

Article 69º.- RESERVES APPLICATION.
If the financial or insurance systems companies registers losses, applies to their cover the total of the not distributed utilities and the optional reserves, if there are, and by the difference the total of the legal reserve or the guarantee fund are reduced automatically, referred in articles 67º and 305º.
Until they reach the minimum total again, or the highest obtained during the formation period of the legal reserve or guarantee fund, the full profits must be applied to it.

GRAL LAW. Arts. 64, 67, 71, 73, 132 (2).
L.G.S. Arts. 220, 229.
I.R. Art. 37 (h).

Article 70º.- LEGAL RESERVES INCREASE.
At any moment, the total of the legal reserve can be increased with contributions that the shareholders perform with that end.

GRAL LAW. Arts. 67, 132 (2).
L.G.S. Arts. 229, 232.
I.R. Art. 37 (h).

CHAPTER IV
DIVIDENDS
Article 71º.- RECOMPOSITION OF THE PREFERRED MINIMUM CAPITAL.
Within the terms indicated in article 63º, the obtained profit should be applied, preferably, to the minimum stock capital recomposition.

GRAL LAW. Arts. 16, 17, 18, 63, 72, 73.
L.G.S. Art. 230 (1).
D. LEG No. 757. Art. 10.

Article 72º.- DISTRIBUTION OF PROFITS.
Notwithstanding the provisions of Article 355 of the Law, for as long as the shareholders' meeting has not approved the final balance sheet and the corresponding distribution of profits, companies may not distribute them by charging net profits of an annual fiscal period nor may they share the profits with their directors.

GRAL LAW. Arts. 73, 347, 354 (4), 355.
L.G.S. Arts. 40, 114 (1, 2), 177, 230 (3).
D. LEG No. 757. Art. 10.

Article 73º.- LIABILITY FOR NON COMPLIANCE.
Those who have adopted the agreements that infringe the provisions of Articles 69º, 71º and 72º, are jointly liable for reimbursement to the Company of the amounts improperly paid, without prejudice to the responsibility, also supportive, that corresponds according to the Business Corporation Act.

GRAL LAW. Arts. 69, 71, 72, 356 (1), 361.
L.G.S. Arts. 40, 177.

TITLE IV
GOVERNMENT STRUCTURES

CHAPTER I
SHAREHOLDERS GENERAL MEETING

Article 74º.- QUORUM.
For the celebration of the first General Shareholders Meeting of companies of the financial and insurance systems, constituted as corporations, whatever their purpose, the bylaws of companies incorporated as stock companies may not require a quorum of shareholders representing more than two thirds of the capital stock.

In case of second meeting, there must be a representation of shareholders constituting no less than one third of the capital stock, provided that the meeting will not deal with the issues mentioned in Article 134° of the Business Corporation Act, in which case the provisions of said regulation shall prevail.

GRAL LAW. Arts. 13, 75, 76, 106 (1).
L.G.S. Arts. 40, 111 al 120, 124, 125, 126.

Article 75º.- REQUIREMENT OF MAJORITY.
In the approval of resolutions by shareholders' meetings of companies, bylaws may not require a majority higher than those prescribed in Articles 133 and 134 of the Business Corporations Act. Nevertheless, in the case of prorogued meetings as referred to in the first item, the minimum legal requirement shall be the favorable vote of shareholders representing at least one quarter of the paid-in capital stock.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

GRAL LAW. Arts. 13, 74, 76.
L.G.S. Art. 127.

Article 76º.- REPRESENTATIVES OF SHAREHOLDERS.
The companies statute cannot demand that whoever is appointed by a shareholder to represent him in the Shareholders General Meeting must also be a shareholder.

GRAL LAW. Arts. 13, 74.
L.G.S. Arts. 121, 122.
C.C. Art. 145.

Article 77º.- SUPERINTENDENT'S AUTHORITY TO ATTEND THE GENERAL MEETINGS.
The Superintendent is authorized to attend, in person or through the appointed delegate, to any session of the Shareholders General Meeting.

CONST. Art. 87.
GRAL LAW. Arts. 100 (3), 347.

Article 78º.- SUPERINTENDENT'S AUTHORITY TO DECLARE THE EFFECT AND RESOLUTIONS OF THE GENERAL MEETINGS.
Upon request or as part of his duties, the Superintendent shall have the right to administratively resolve any issues which may affect the effect of the shareholders' meetings and resolutions approved thereby, notwithstanding the right conferred by the Law to the shareholders to challenge his decision through legal proceedings.

GRAL LAW. Arts. 100 (3), 347, 349 (6).
L.G.S. Arts. 139, 140, 143.

CHAPTER II
BOARD OF DIRECTORS

Article 79º.- STRUCTURE OF THE BOARD OF DIRECTORS.
The Board of directors of companies of the financial and insurance systems shall consist in no less than five (5) members, that gather conditions of moral and technical suitability, elected by the Shareholders General Meeting.

GRAL LAW. Arts. 20, 80, 81, 39-a, 347, 361 (4, 6).
L.G.S. Arts. 153, 155, 156, 159, 161, 164.

Article 80º.- DEPUTY DIRECTORS.
The companies will be able to appoint deputy directors, in accordance with the provisions of their bylaws. Their appointment must be confirmed by the Superintendency.

GRAL LAW. Arts. 20, 79, 81,86, 89, 39-a.
L.G.S. Arts. 156, 157, 159, 161, 164.

Article 81º.- REQUIREMENTS TO BECOME A DIRECTOR. 26
The directors of the companies of the financial and insurance systems should comply requirements of moral and technical suitability and not been involved in the following impediments:

26 Article amended by Legislative Decree No. 1052 of 06/26/2008
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

1. The impediments according the Business Corporation Act.
2. The ones that, according to the articles 20°, 51° and 52°, have impediment to be organizers or shareholders.
3. The knowingly insolvent and who have most of their assets affected by precautionary measures.
4. The ones that, being residents, do not figure in the Taxpayers Unique Registration.
5. The company workers, excepting the General Manager.
6. The workers of a company, as well as of their subsidiaries, in other companies and their respective subsidiaries, provided that they are of the same nature.
7. The workers of an insurance company , as well as of its subsidiaries, in another company of the same nature or in a reinsurance company resident in the country with the ones does not exist shares linking, and vice versa.
8. The ones that, directly or indirectly, in the same company, or in another company of the financial system, have expired credits by over a hundred twenty days (120), or have entered to judicial collection.
9. The ones that, directly or indirectly, are holders, associates or shareholders that exercise significant influence on companies that have expired credits for over a hundred twenty (120) days, or that have entered to judicial collection in the same company or in another of the financial system.

The resolution emitted for the existence of some impediment to be a company director, in the measure , and at the applicant’s request, should be properly supported.

GRAL LAW. Arts. 20, 51, 52, 79, 82, 88, 92, 381.
C.C. Arts. 44, 584, 585.
L.G.S. Arts. 161, 162.
C. OF C. Arts. 13, 14.

Article 82°.- COMMUNICATION OF THE SUPERINTENDENCY

All appointments of directors of companies of the financial system or of the insurance system, as well as any vacancies taking place, shall be reported to the Superintendency within one (1) business day of the occurrence, submitted together with a certified copy of the minutes evidencing the resolution, issued by the board of directors’ Secretary or his substitute.

GRAL LAW. Arts. 79, 80, 89, 92.
L.G.S. Arts. 134,153,157,158,161,162.

Article 83°.- NON DELEGATION OF THE POSITION OF DIRECTOR.

The position of Director of a company of the financial and insurance systems is not delegable.

GRAL LAW. Arts. 79, 80.
L.G.S. Art. 159.

Article 84°.- FREQUENCY OF BOARD OF DIRECTORS SESSIONS.

The Board of Directors celebrates ordinary sessions at least once a month.

GRAL LAW. Arts. 13, 85, 86, 89, 100 (3).
L.G.S. Art. 167.

Article 85°.- BOARD OF DIRECTORS QUORUM.

Under no circumstances the quorum indicated in the statute of the companies of the financial and insurance systems for the Board of directors sessions can be greater than the two thirds of its members .
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

It can neither be required in the statute, for the adoption of agreements, the agreed vote of more than the two thirds of attending directors.

GRAL LAW. Arts. 13, 79, 84, 86.
L.G.S. Arts. 168, 169, 170.

Article 86º.- ATTENDANCE OF DEPUTY DIRECTORS.
The assistance to a session of a deputy director referred in article 80º, without having the presence of the principal director, constitutes for itself presumption that this last is absent or impeded to concur.

GRAL LAW. Arts. 80, 83, 85.
L.G.S. Art. 156.

Article 87º.- DIRECTORS LIABILITY.
The principal and deputy directors referred to in Article 80, joint and severally as prescribed by Article 172 of the Business Corporations Act, shall be liable for:

1. Approving transactions or resolutions infringing the provisions of the Law; specifically, the prohibitions or limits set forth in Chapter II of Title II of the Second Section hereof.
2. Omission of adopting the necessary measures to correct operational irregularities.
3. Non-compliance with the regulations issued by the Superintendency as well as with any requests for information made by the Superintendency or the Central Bank.
4. Not supplying information to the Superintendency or supplying false information with respect to facts or transactions which may affect the stability or soundness of a company of the financial system or of the insurance system.
5. Abstaining from answering the communications of the Superintendency or of the Central Bank which may be made by in accordance with the provisions of the Law or by prescription of the said bodies.
6. Omission of adopting the necessary measures required to guarantee the timely undertaking of internal and independent audits.

The aforesaid infractions shall be sanctioned by the Superintendency in line with their seriousness, notwithstanding any civil or criminal actions applicable in accordance with the provisions of Articles 173 and 174 of the Business Corporations Act and the powers conferred upon the Central Bank by its Organic Law.

GRAL LAW. Arts. 79, 80, 92, 134 (1, 2, 3), 164, 165, 356, 361 (4, 6).
L.G.S. Arts. 177, 178, 183, 184.

Article 88º.- NON COMPATIBILITY OF THE POSITION OF DIRECTOR.
With the exception that result of item 5 of article 81º, the members of the Board of directors of a company, save the President of the board, cannot perform management position in the same company.

GRAL LAW. Art. 81 (5).

Article 89º.- DIRECTOR VACANCIES.
In addition to the reasons prescribed by the legislation governing stock companies, a director of a company of the financial system or of the insurance system shall vacate the position when:

1. He uninterruptedly misses meetings without the permission of the board for a period of three (3) months.
2. He is absent from meetings, with or without permission, in excess of one third of all of the meetings held during a period of twelve (12) months ending on the date of the last absence.

The grounds of numeral 2 does not operate if the designated substitute assists to the sessions.

The head director vacancy determines automatically his substitute`s vacancy.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

GRAL LAW. Arts. 80, 82.
L.G.S. Arts. 156, 157.

Article 90º.- OBLIGATION TO INFORM THE BOARD OF DIRECTORS ABOUT THE SUPERINTENDENCY COMMUNICATIONS.

Every communication directed by the Superintendency to a company of the financial and insurance systems, with reference to an inspection or investigation practiced, or that contains recommendations about the company, should be put in knowledge of the Board of directors, or of the agency that exercise equivalent function, in the first opportunity in which gather, under responsibility of the President of the board or an official of equivalent rank.

GRAL LAW. Arts. 87 (3, 5), 357, 359.
L.G.S. Art. 173.

CHAPTER III
MANAGEMENT

Article 91º.- APPOINTMENT OF MANAGERS.

Legal companies may not appoint managers of a company. An entity not forming part of a company of the financial system or of the insurance system or any bodies thereof may not be delegated the faculty to appoint managers.

GRAL LAW. Arts. 81, 82, 92, 347.
L.G.S. Arts. 185, 186, 193.

Article 92º.- APPLICABLE REGULATIONS TO THE MANAGER AND OTHER MAIN EXECUTIVES

Are applicable to the managers and other main executives of the companies when required, the dispositions of the articles 81º, 82º and 87º.

GRAL LAW. Arts. 81, 82, 87, 91, 356, 361, 381.
L.G.S. Arts. 189, 190, 191, 194, 195, 196.

Article 93º.- OBLIGATION OF THE MANAGER TO INFORM THE BOARD OF DIRECTORS OF THE CREDIT TRANSACTIONS.

In the financial or insurance system companies, the General Manager or his substitute, should inform the Board of directors, in each ordinary session and in writing, all the credits and guarantees that, from the preceding session, has been given to each client, as well as of the investments and sales performed, when in one or other case exceeds the limit established by the Superintendency.

A copy of the minutes, in which reports the excesses, should be addressed to the Superintendency for the corresponding purposes, under responsibility of the Board of directors.

GRAL LAW. Arts. 87, 92, 94, 356, 361, 367 (6).
L.G.S. Arts. 189, 190.

Article 94º.- OBLIGATION OF THE MANAGER TO INFORM THE BOARD OF DIRECTORS ABOUT THE COMPANY PROGRESS.

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27 Article amended by Legislative Decree No. 1052 of 06/26/2008
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

The General Manager or his substitute, should inform the Board of directors, at least quarterly, on the economic progress of the company of the financial and insurance systems, contrasting that report with the corresponding one to the previous quarter and with the predicted goals for the period. The Board of directors will be responsible for the punctual compliance of this obligation.

GRAL LAW. Arts. 87, 92, 367 (6).

L.G.S. Art. 190.

TITLE V
SURVEILLANCE SYSTEM

SINGLE CHAPTER
SURVEILLANCE SYSTEM

Article 95º.- SUBMISSION TO SURVEILLANCE SYSTEM - GROUNDS. 28

The Superintendency will submit every company of the financial and insurance systems to surveillance system, when incur in any of the following assumptions:

1. Applicable grounds to the companies of the financial and insurance systems:
   
a) Breach of the obligation contained in Article 63º;
   
b) Decrease of the effective capital or of the capital stock under the mandatory minimum capital;
   
c) Extend credit to its own shareholders, to be used to cover the company capital requirements;
   
d) Intentionally providing false information to the Superintendency or the Central Bank, or cause to be suspected of fraud or significant alterations in the financial position;
   
e) Refuse to submit its books and business to the Superintendency exam or to avoid such subjection;
   
f) Existing refusal of its directors, managers or other officials, as well as the workers to give its statement to the Superintendency about the operations and negotiations of the company;
   
g) To have turned out impossible, for lack of the legal minimum of favorable votes indicated in the article 75º, the opportune adoption by the Shareholders General Meeting, of required agreements for the adequate running of the company; and,
   
h) Incurring in notorious or repeated violations to the law, to its statute or to the general or specific dispositions dictated by the Superintendency or the Central Bank.

2. Applicable grounds to the financial system companies:
   
a) Failure to meet the reserve requirements of all consecutive periods within an interim of 3 (three) months, or periods which, together, imply a longer term than 5 (five) months in a period of 12 (twelve), which culminates in the last month's deficit;
   
b) Need for funding its obligations, as determined by the Superintendency, denote structural financial failure to comply with the reserve rules or tends to be permanent;
   
c) Need to appeal for Central Bank credit support for more than 90 (ninety) days in the last 180 (one hundred eighty) days;

28 Amended by Law No. 27102 of 05/05/1999
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

d) Surpass the limits set out in articles 206°, 207°, 208° and 209° for 3 (three) months in a period of 12 (twelve) that culminates in the month in which the last excess have been registered;

e) Violation of other individual and global limits with a frequency or magnitude, in the opinion of the Superintendent, to disclose improper business conduct by the company, coupled with the failure in the adoption and implementation of corrective measures;

f) Repeated failure to attend the public referred in Article 139°;

g) When the regulatory capital is less than specified in the first paragraph of Article 199° for a period of 3 (three) consecutive months or 5 (five) alternate months in a period of one year, from the first month in which the failure begins, 29

h) Loss or reduction of more than 40% (forty percent) of the cash capital.

3. Applicable grounds to the insurance system companies:

a) Failure to meet investment requirements, cash capital and debt limit, in consecutive periods within 3 (three) months, or periods which together imply a longer term than 5 (five) months in a period of 12 (twelve), culminating in last month's deficit;

b) Need for funding its obligations, as determined by the Superintendency, denote structural financial failure to comply with its obligations, and,

c) Having failed to present the program considered in articles 302° and 316°, or have done in terms that the Superintendency deems unacceptable.

4. Applicable grounds to the financial or insurance system companies that carry out operations subject to the credit risk: Breach of any of the causal referred in item 2, literals (d) and (e).

Additionally, the Superintendency may decide to put under surveillance a financial or insurance system company, if considers that there are serious reasons not covered in this article to justify the measure. In the case of financial companies, the Superintendency shall make this decision with the Central Bank's prior knowledge.

The Superintendent's decision to subject a company to surveillance does not lead to resolution, is made by official letter and kept under strict confidence. The Central Bank, the Fund and its respective employees, as well as shareholders, directors and employees of the companies placed under surveillance are required to maintain such reserve, been applicable the provisions of Article 372°. Also, the reservation also applies to third parties considered in paragraph 3 of Article 99°. Violation of this obligation is considered serious fault without prejudice to the responsibility specified in article 249 of the Penal Code.

GRAL LAW. Arts. 16, 17, 18, 63, 87, 92, 96 al 102, 104 (3), 139, 161, 162, 163, 164, 199, 200, 203, 206, 207, 208, 209, 217 (2), 349 (16), 367 (6), 1ª Disp. F. and C., Glossary (commodities).

L.G.S. Arts. 190, 191.

L.O.B.C.R. Arts. 53, 54, 58.

C.P. Art. 245.

**Article 96°.**

**DURATION.**

The surveillance system has a duration of not more than 45 (forty five) days, which may be extended for an identical period, for once, and only if, despite the efforts and improvements made, the grounds mentioned in the previous article persist. This extension does not apply in cases specified in items 1-c, 2-e and 2-f of this article.

GRAL LAW. Arts. 95 (1c, 2c, 2f), 97 al 102.

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29 Paragraph amended by Legislative Decree No. 1028, published on 22.06.2008 and entered into force on 01-07-2009.

30 Amended by Law No. 27102 of 05/05/1999
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

Article 97º.- REQUIREMENT FOR COMPANY SUBJECT TO SURVEILLANCE SYSTEM.
During the surveillance system the competence and authority of the governing bodies of the company are maintained, with no limitations other than those arising under this title.

The companies under surveillance, within seven (7) business days after received the official letter communicating such decision, should propose a financial recovery plan to the Superintendency satisfaction. This plan will contemplate the rules of prudence that the agency deems appropriate. Within seven (7) business days after approval is given, and without prejudice to begin the execution in the meantime, the formalized agreement should be signed.

Additionally, the company must demonstrate with the frequency established in the agreement, an improvement in their position, which must necessarily include new capital contributions in cash.

GRAL LAW. Arts. 62, 95, 96, 98 to 102.

Article 98º.- RECOVERY AGREEMENT.
The agreement referred in the preceding article, concluded with financial system companies, is informed to the Central Bank by the Superintendent, who reports every fifteen (15) days of its execution and its possible extension.

GRAL LAW. Arts. 97, 349 (16), 359, 1ª Disp. F. and C.

Article 99º.- POWERS OF THE SUPERINTENDENCY .
At any time during the surveillance, the Superintendency is empowered to:

1. Evaluate the company`s real capital and carry out the studies that permit to establish the possibility of rehabilitation;
2. Determine the real capital of the company and, in its case, to arrange the cancellation of the losses with charge to the optional and legal reserves, and to the capital stock; and,
3. Require new shareholders made capital contributions in cash immediately. In the event that shareholders don’t do it, they will lose their preferential right and the Superintendency is empowered to obtain such third-party contributions.

GRAL LAW. Arts. 62, 95 to 98, 100, 101, 102, 134 (1), 180
D.S. 081-99-EF.

Article 100º.- POWERS OF THE APPOINTED OFFICIAL.
Without prejudice to the preceding article, the Superintendent may designate an official with the following faculties:

1. In the case of companies of the financial system, may request any information that may deem necessary, particularly with respect to deposits and loans.
2. In the case of companies of the insurance system, may request any information that may deem necessary, particularly with respect to their operations.
3. As an observant, attend board of directors’ and shareholders’ meetings.

GRAL LAW. Arts. 77, 78, 356.
L.G.S. Art. 121.
C.P. Arts. 365, 368.

Amended by Law No. 27008 of 04/12/1998
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

Article 101º.- CONSEQUENCES OF THE SURVEILLANCE SYSTEM. 

When the new Board is appointed, the Superintendent will give participation to members who are working to intervene in the General Meeting and the most important not preferential creditors.

The following are unavoidable effects of being subject of the surveillance procedure for as long as it lasts:

1. In the case of companies of the financial system or of the insurance system:
   a) The on-going overseeing of the company by the Superintendency, as per the powers conferred upon it by the Law.
   b) The prohibition from constituting or accepting trusts.
   c) The suspension of voting rights which may be exercised in shareholders' meeting or other meetings of equivalent bodies, with respect to any shareholders who may have acted as directors or managers at the time the company was made subject to the surveillance procedure.
   d) The Superintendency will immediately convene a general shareholders' meeting for the implementation of the necessary agreements to overcome the causes that provoked the submission to the surveillance procedure and specially for the implementation of the capital contribution referred to in item 3 of Article 99 of the Law. This meeting will take place without the need of any formalities whatsoever. If relevant, the shareholders' meeting shall proceed to appoint the new board of directors of the company. In this meeting, those who comprised the board of directors or who were managers of the company at the time when the surveillance procedure was instituted, or during the two (2) preceding years, nor anyone related thereto, as established by the Superintendency, shall not be allowed to vote.
   e) Other measures deemed necessary by the Superintendency in order to comply with the provisions of this chapter.

2. In the case of companies of the insurance system:
   a) The reduction of the reserve term, as determined by the Central Bank.
   b) Any increase in deposits or obligations over and above the balance outstanding on the date when the procedure was instituted, as well as any subsequent recovery of loans, must first be used in reducing the reserve deficit, if any. Once the deficit is covered, the said amounts shall be deposited into current accounts opened with the Central Bank, where they will earn the interest rate determined thereby, which shall at least be equivalent to the compensation earned by reserve funds in the corresponding currency.
   c) No new credit or market positions may be assumed, unless those authorized by the Superintendency, which shall only authorize new positions subject to market risk required for coverage.

In the case of item 1, Point d) of this article, the Superintendent shall appoint a new board of directors, only in the event of the following circumstances:
   a) The general shareholders' meeting did not meet on one of the dates for which it was convened;
   b) The general shareholders' meeting did not approve the removal and substitution of the board of directors;
   c) None of the shareholders with voting rights individually represents at least 4% of the capital stock, and all of them combined do not account for a 15% share of the said capital stock; and

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32 Amended by Law No. 27331 of 07/27/2000
33 Amended by Law No. 27102 of 05/05/1999
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

d) The new board of directors did not comply with the replacement of the General Manager.

When appointing the new board of directors, the Superintendent shall include shareholders who are able to participate in the shareholders’ meetings and major preferred creditors.

GRAL LAW. Arts. 95, 96, 99, 102, 161, 162, 166, 199, 200, 221 (16, 17, 20, 22), 241, 242, 357.

L.O.B.C.R. Arts. 53, 54

Article 102º.- CONCLUSION OF THE SURVEILLANCE SYSTEM.

The Superintendency shall conclude the surveillance system when considers that the causes that led to its submission disappeared or when the company has fallen into any of the intervention grounds provided in the Articles 103 and following.

It is legal authority of the Superintendent to close the surveillance system before the end of the prescribed period if it becomes convinced that during this period is not possible to overcome the identified problems.

GRAL LAW. Arts. 95, 96, 97, 103, 104.
TITLE VI
INTERRUPTION

SINGLE CHAPTER
INTERRUPTION

Article 103º.- INTERVENTION. 34
Any company incurring in the grounds cited in the following article must be intervened by resolution of the Superintendency. In the case of companies of the financial system, the intervention must first reported to the Central Bank.

GRAL LAW. Arts. 104 al 107, 184, 185, 349 (16), 359, 361 (8), 1ª Disp. F. and C.
C.P. Arts. 245, 247, 365, 368.

Article 104º.- GROUNDS FOR INTERVENTION. 35
The grounds for the intervention of a company of the financial or insurance system are as follows:
1. Suspension of payment of their obligations;
2. Non-compliance during the surveillance procedure, with the commitments assumed in the agreed recovery plan or with the regulations of the Superintendency in accordance with the provisions of Title V of this section;
3. In the case of companies of the financial system, when the effective capital is less than half required in the first paragraph of article 19936 ;
4. Loss or reduction by more than 50% of the effective capital; and37
5. In case of companies of the insurance system, the loss or reduction of the effective capital to under 50% of the credit standing capital.

GRAL LAW. Arts. 16, 17, 18, 63, 67, 95 (1b), 96, 97, 98, 99, 103, 105, 106, 107, 184, 185, 199, 298, 299.
L.G.S. Art. 407 (4).

Article 105º.- DURATION OF THE INTERVENTION. 38
The intervention prepared in accordance with the previous article will have a duration of 45 (forty five) days, renewable once only for an equal period*. After this deadline the corresponding resolution for the dissolution of the company will be given, initiating the corresponding liquidation process.

The intervention regime may end before the deadline established in the preceding paragraph if the Superintendency considers convenient. The respective resolution shall be placed on Central Bank's prior knowledge.

GRAL LAW. Arts. 103, 104, 106, 107, 114, 115.
L.G.S. Art. 407 (4).

Article 106º.- CONSEQUENCES OF THE INTERVENTION. 39

34 Amended by Law No. 27102 of 05/05/1999
35 Amended by Law No. 27102 of 05/05/1999
36 Amended by Law No. 27102 of 05/05/1999
37 Amended by Law No. 27102 of 05/05/1999
38 Repealed by Law No. 27102 of 05/05/1999
(*) Exceptional extension subject to the provisions of Emergency Decree No. 028-2001 of 03.09.2001
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

Are inseparable consequences of the intervention and subsist while do not conclude:

1. The General Meeting of Shareholders competence is limited to the matters discussed in this chapter;
2. The suspension of the company’s operations;
3. The implementation of the necessary portion of the subordinated debt, if necessary, to absorb losses, after having complied the provisions of paragraph 1 of Article 107°;
4. The application of the prohibitions contained in Article 116, after the publication of the resolution which determines the intervention and
5. Other that the Superintendency deems appropriate to comply with the provisions of this chapter.

GRAL LAW. Arts. 64, 67, 68, 69, 104, 107, 116, 233.
L.G.S. Arts. 95 (4), 114, 115, 121.

Article 107°.- POWERS OF THE SUPERINTENDENCY. 40
During the intervention procedure, the Superintendency shall enjoy the following powers:

1. Determine the effective capital and offset of losses by charging legal and voluntary reserves; and if applicable, the capital stock;
2. For the purposes of item 3 below, order the exclusion of:
   a) All or part of the assets of the balance sheet which the Superintendency may decide, including those assets detailed in Article 118;
   b) The liabilities described in Article 118, in item 1 of Point A in Article 117, and the requirements prescribed in Article 152, up to the amount stipulated in Article 153;
   c) In the event that there are assets that would allow their transfer, the orders detailed in Article 152 in amounts in excess of those prescribed in Article 153, as well as deposits in addition to those established in Article 152, except for the points referred to in its last paragraph.

3. Totally or partially transfer the assets and liabilities prescribed in the preceding point. In order to effect such transfers, the consent of the debtor or creditor shall not be required, save for the cases provided for in Article 62 of the Political Constitution. If a positive balance resulted from the transfer, it shall be incorporated to the estate, once the costs of the said transfers have been deducted.

GRAL LAW. Arts. 100, 103 al 106, 117 (1A), 118, 152, 153, 356, 361.
CONST. Art. 62.

Article 108°.- 41
Article 109°.- 42
Article 110°.- 43
Article 111°.- 44
Article 112°.- 45

39 Repealed by Act No. 27102 of 05/05/1999
40 Repealed by Act No. 27102 of 05/05/1999
41 Repealed by Act No. 27102 of 05/05/1999
42 Repealed by Act No. 27102 of 05/05/1999
43 Repealed by Act No. 27102 of 05/05/1999
44 Paragraph modified by D. Leg. 1028, issued on 22.06.2008 and entered into force on 01-12-2008
45 Paragraph modified by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-12-2008
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

Article 113º.-

TITLE VII
DISSOLUTION AND LIQUIDATION

CHAPTER I
GENERAL PROVISIONS

Article 114º.- COMPANY DISSOLUTION AND LIQUIDATION.

Companies comprising the financial system and the insurance system shall be dissolved by substantiated resolution of the Superintendency due to the following reasons:

1. The case referred to in Article 105 of the Law;

The resolution ordering the dissolution shall not end the legal existence of the company, which shall prevail until the liquidation process is completed; and as a result thereof, the extinction from the corresponding Public Records is recorded. As from the publication of the resolution, the company shall cease to be subject of credit, shall be exempted from any future taxes and shall not be subject to the obligations prescribed by the Law for active companies, including the payment of fees to the Superintendency.

The Superintendency shall establish the regulations and procedure applicable to the dissolution and liquidation of companies.

GRAL LAW. Arts. 28, 105, 106, 115 al 129, 177, 269 (2), 281, 349 (9), 356, 361 (10), 373, 374.
L.G.S. Arts. 44, 407, 409, 411, 412, 413, 421, 422, 423 (6), 424.
L.P.A.G. Art. 3 (4).

Article 115º.- REHABILITATION OR LIQUIDATION PROCESS. 47

Through the relevant contracts, the Superintendency shall trust the liquidation of companies of the financial system and of the insurance system to adequately qualified legal companies, retaining the supervision and control over the process. The contract shall rescue the possibility of rehabilitation of the company, in accordance with the provisions of Articles 124 to 129.

The compensation for the rehabilitation or liquidation shall consist of a percentage of the new contributions or of the recovery. The Superintendency shall establish all other conditions of the process in the corresponding contract. Rehabilitation may also consist of a merger or other form of corporate recovery.

With respect to the contract, a term shall be established in accordance with the anticipated complexity of the process, which must not exceed two (2) years, extendable by up to an equal term, due to justifiable reasons in the opinion of the Superintendency.

Appointment shall be done through a public bidding. In the event that there are no bidders in the second call of the public bidding, the liquidation shall be ordered by the courts, with the provisions of Title II if Section Three of the Business Corporations Act being applicable when pertinent. The Supreme Court shall

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46 Paragraph modified by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-12-2008
47 Paragraph modified by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-12-2008
Waiver of Responsibility

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appoint the liquidators and the corresponding monitoring of the liquidation process shall be the exclusive responsibility of the Judiciary.

CONST. Art. 76.
GRAL LAW. Arts. 105, 114, 116, 124 al 129, 177, 8ª Disp. Tran.
L.G.S. Arts. 44, 413, to 416.
C.T. Art. 17 (2).

Article 116º.- PROHIBITIONS.

48 From the publication date of the dissolution resolution of a company of the financial or insurance system of the country, it is prohibited:

1. Initiating any judicial or administrative processes for the collection of balances to its charge.
2. Pursuing the execution of judicial resolutions dictated against it.
3. Encumber any of their property as collateral for the obligations incumbent on it.
4. 49 Make payments, advances or compensations or assume obligations on behalf of it, with their own funds or assets and in the possession of third parties, except:
   i. The compensations between the financial or insurance companies of the country and,
   ii. The clearings of reciprocal obligations generated of repurchase agreements and of operations with financial products by-products, celebrated with financial institutions and of insurances of the country and overseas. For effects of the arranged in this disposition, are considered reciprocal obligations those that emanate of repurchase agreements and of operations with financial products by-products, that are subscribed among the same parts, in one or more opportunities, under Peruvian or foreign law, covered by a same contracting framework agreement The Superintendency will establish the minimum characteristics that should comply the contracting framework agreements that subscribe the companies, considering for it the agreements that enjoy general acceptance in the international markets.

The companies should remit to the Superintendency the subscribed contracts according to the present clause. The compensation will only proceed if those contracts comply with the characteristics established by the Superintendency and provided that they have been in their knowledge, before the date of subjugation of the companies to the intervention or dissolution and liquidation

GRAL LAW. Arts. 114, 119, 120.
C.C. Arts. 1288, 1299.
C.T. Arts. 17 (2), 119

Article 117º.- PRECAUTIONARY MEASURES AND ORDER OF PRIORITY IN THE PAYMENT OF OBLIGATIONS OF A COMPANY IN LIQUIDATION. 50

The assets of a company undergoing liquidation are not susceptible of any precautionary measures. The precautionary measures issued prior to the respective resolution of the Superintendency shall be lifted by their own merit, under responsibility of the ordering authority.

The obligations in charge of a company of the financial or insurance systems under liquidation process will be payed in the following order:

A. COMPLIANCE OF THE LABOR OBLIGATIONS.

48 Paragraph modified by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-12-2008
49 Numeral modified by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-12-2008
50 Amended by Law No. 27102 of 05/05/1999
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

1. The compensations; and,

2. Social benefits, contributions to the Private Pension System and Social Benefits Regularization Office and other labor obligations with the company being liquidated and which may have accrued up to the date when the dissolution was declared, retirement pension for which it is responsible or the capital required to redeem them or to insure them through the purchasing of annuities.

B. COMPLIANCE OF THE SAVINGS GUARANTY.

The resources originated from the financial mediation attracted like deposit or other modalities predicted by the present Law, not attended with charge to the Fund. Of equal form, the contribution carried out by the Fund and the resources utilized to make the cover effective. Also, the policyholders credits, or in its case of the beneficiaries. Likewise, reinsurance receivables owed by reinsurers, or of the latter over the former.

C. TAX OBLIGATIONS

1. Those corresponding to the Social Security Insurance (EsSalud) with respect to obligations pertaining to health benefits for which the company is responsible as employer.

2. Taxes.

D. OTHER OBLIGATIONS

1. All other obligations, in the order as they were incurred; and when this is not possible to determine, on a pro-rated basis.

2. Interest referred to in Article 120°, in the same order of priority as stated in the preceding point.

3. Subordinate debt.

The order of priority has been generally prescribed and shall be applied not withstanding the provisions of Article 118. The order of priority implies that some of them exclude others as set forth in this article, for as long as the assets of the company are sufficient.

Any order of priority established by special legislation shall not apply.

Excluded from the priority shall be percentage fees agreed with the liquidators to cover their compensation and expenses, as well as any necessary payments assumed by the company in accordance with the provisions of the Reciprocal Payment and Credit Agreement - ALADI, which the Central Bank may not have been able to transfer for collection by a different company of the financial system. Such obligations shall be paid with priority over those listed in the previous points of this article.

CONST. Art. 24, 87.
GRAL LAW. Arts. 114, 116, 118, 119, 120, 154 to 157, 177, 233, Glossary (Payments Settlement and Mutual Credits).
C.P.C. Arts. 612, 616, 648.
C.T. Arts. 3, 5, 6.
D.LEG. 856.
D.S. 081-99-EF.

Article 118°.- ITEMS EXCLUDED FROM THE ESTATE. 51

For the purposes of the liquidation process, the following shall be excluded from the estate of companies of the financial system or of the insurance system:

1. Any social benefit contributions and taxes which it may have withheld or collected as a result of any legal obligation or agreement, and which may not have been provided to the principal at the time.

2. Any mortgages, obligations represented by bills of exchange, notes and other mortgage-related instruments, as well as assets and liabilities relevant to financial leasing transactions, which shall be

51 Amended by Law No. 27331 of 07/27/2000
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

transferred to another company of the financial system. To this effect, the Superintendency shall ensure that the minimum absolute difference results between the book values of the assets and liabilities being transferred.

3. Any amounts resulting from payments made on behalf of the company by the Central Bank, in accordance with the provisions of the Reciprocal Payment and Credit Agreement - ALADI.

4. Any amounts deriving from payments made on behalf of the company to cover balances outstanding at clearing houses.

5. Any amounts originated as a result of operations in which the company has exclusively acted as an agent. These operations will be determined throughout norms issued by the Superintendency

For the purposes of item 2, the Superintendency shall arrange delivery to another company or companies through bidding mechanisms.

CONST. Art. 12.

GRAL LAW. Arts. 38, 114, 122, 123, 154 al 157, 177, 221 (5, 35), 233, 235, 236, 238, 255, 281, 334, Glossary (Payment Settlement and Mutual Credits).

C.C. Arts. 1206, 1207, 1211, 1215.

C.P.C. Art. 65.

C.T. Art. 5.

LAW 26827.

Article 119º.- SUBSISTENCE OF GUARANTIES PLEDGED TO BACK COMPANY LOANS.

Any guaranties or collateral pledged before the resolution declaring the company in dissolution was issued and the corresponding liquidation process started, shall prevail in order to guarantee any loans granted thereto. The parties in which favor they may have been pledged shall retain the right to collect from the proceeds of their sale, on a preferred basis, subject however, to the following rules:

1. A separate proceeding shall take place for each asset or group of assets or rights pledged as security or collateral, so as to satisfy with their proceeds the corresponding credits or loans they back. The credits relating to each asset or group of assets shall be recognized and evaluated in the manner prescribed in this chapter.

2. Once any of the assets are sold or the amount of the encumbered credits or securities is received, the proceeds shall be deposited by the liquidator or liquidators separately from other items of the estate, in such manner that the value is preserved and income is produced.

3. Once the valuation of credits relative to the given asset or group of assets or rights is firm, payment shall be reserved by charging the proceeds referred to in the preceding point until such time as, together with the other resources of the estate, the credits included in the order of priority established in items 1 and 2 of Article 117 are paid-off or adequately insured.

4. In the event that the assets of the estate are not sufficient to cover the preferred credits prescribed in items 1 and 2 of Article 117, the proceeds from the assets encumbered with guaranties or collateral shall be added to the payment, with all of them being covered on a pro-rated basis with respect to their value.

5. If the proceeds of the sale or liquidation of a particular asset or group of assets or rights was not sufficient to cover the credits guaranteed by the in rem rights to which they are subject, any uncovered balances of such credits shall be included in the general list of credit rating, placing them where they fit according to their nature.

GRAL LAW. Arts. 114 to 117, 120, 171, 172.

C.C. Arts. 1112, 2016, 2022.

C.P.C. Art. 720.

Article 120º.- COMPANY DEBTS CONTINUE GENERATING INTERESTS
Waiver of Responsibility
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The obligations of companies of the financial system and of the insurance system undergoing liquidation shall only accrue legal interest. Interest payment shall only take place once the principal has been paid-off, abiding by the classification prescribed in Article 117.

GRAL LAW. Arts. 114, 117, 119, 151, 152.
C.C. Arts. 1244, 1245.
L.O.B.C.R. Arts. 51, 52.

Article 121º.- PORTFOLIO TRANSFER
The liquidators may transfer to any other company, whether or not it belongs to the financial system, all or part of the portfolio of a company of the financial system which dissolution has been ordered.

In the case of a portfolio of an insurance company, such transfer shall necessarily be made to a company of the same system.

GRAL LAW. Arts. 115, 8ª Disp. Tran.
C.C. Arts. 1206, 1207, 1211, 1215.
L.G.S. Art. 416.

Article 122º.- POSSIBILITY OF APPEAL TO THE SUPERINTENDENCY
In the case that a claim supported as provided in article 118º is declared unfounded by the liquidator or liquidators, the interested part may appeal with the Superintendency, within fifteen (15) business days of notified such decision.

The Superintendency shall decide within a period not exceeding thirty (30) days.

GRAL LAW. Arts. 118, 362, 369.
C.P.C. Arts. 540, 541, 542.
L.P.A.G. Art. 211.

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Article 123º.- LACK OF LIQUIDITY OF THE COMPANY UNDERGOING LIQUIDATION.
If the company of the financial or insurance systems did not have sufficient liquidity to serve immediately the reimbursements prescribed in article 118º, the liquidator or liquidators, subject to deduction of its commission, should destine to it the first incomes obtained of the collection of credits or the execution of the assets, applying in every case the precedence order established in article 118º.

GRAL LAW. Arts. 117, 118, 122.

CHAPTER II
NOTICE OF CREDITORS MEETING

Article 124º.- PROPOSAL FOR RESTRUCTURATION PLAN.
Creditors of a company which combined represent at least 30% of the company’s liabilities may submit to the Superintendency a plan for the rehabilitation of the company. The plan must include the subscription of new capital in the amount necessary for the company to have enough capital that will enable it to comply with the operational limits prescribed in the Law.
Waiver of Responsibility

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The plan shall consider the application of the subordinate debt portion of all types required to absorb the losses; and if a balance remains, its conversion into capital stock and the corresponding issuing of a new series of shares.

The rehabilitation plan to be proposed shall only include contributions or capitalization of liabilities made by the private sector.

GRAL LAW. Arts. 97, 99 (2), 106 (3), 115, 125 to 129, 177, 184, 185, 198, 199, 200, 203.

L.G.S. Arts. 202, 203, 204, 208, 214.

Article 125º.- EVALUATION OF REHABILITATION PLAN.

For appropriate rehabilitation of the operated company, the plan must be approved by the Superintendency, after Central Bank's opinion. The Central Bank will issue its opinion considering the report issued by the Superintendency.

GRAL LAW. Arts.115, 124, 126, 127, 177, 349 (16), 359, 1ª Disp. F. and C., 20ª Disp. F. and C.

L.O.B.C.R. Arts. 24 (i, j), 97.

Article 126º.- APPROVAL OF REHABILITATION PLAN

If in accordance with the provisions of the preceding article, the Superintendency is of the opinion that the Rehabilitation Plan is feasible, it shall proceed to submit the proposal to the creditors of the company, who may approve it with the favorable vote of the absolute majority of registered creditors.

The approval of the Rehabilitation Plan by the creditors shall not require that a physical meeting take place for this purpose, as the consent of the creditors may be issued by agreement, as prescribed in the procedure established for this purpose by the Superintendency.

GRAL LAW. Arts. 115, 124, 125 127, 129, 177, 349 (9).

Article 127º.- REVOCATION OF THE DISSOLUTION AND LIQUIDATION RESOLUTION.

The new contributions agreed as a result of the rehabilitation should be subscribed and payed in the time limit that for such effect establish the plan, once accomplished, the Superintendency sends off resolution revoking the dissolution resolution, ending the liquidation process and calling to the General Meeting of Shareholders, for the purpose of proceeding to the election of a new Board of directors and to the appointment by this of a new Manager.

The election cannot fall in the directors neither managers that were found in exercise at the time when the intervention was arranged, or in the two (2) prior years.

GRAL LAW. Arts. 74, 75, 79, 81 (2), 82, 91, 92, 114, 115, 124, 125, 126 to 129, 177.


Article 128º.- DETERMINATION OF ACQUISITION VALUE OF SHARES.

In the case of stock companies, the following rules shall be observed:

1. Once the new board of directors has been appointed, it shall proceed to appoint a specialized firm to determine the value of the shares after all losses have been absorbed.

2. If hidden losses were found, reducing the value of the shares held by the new subscribers, the Superintendency shall carry out the necessary adjustments.

3. If the hidden losses were of such magnitude that the corporate equity ends up being negative, the Superintendency shall declare null the value of common shares.

4. If the valuation referred to in items 1 and 2 above shows that there are hidden profits, the new shareholders must, alternately, proceed as follows:

   a) Pay the company for the value of the shares received in excess of those corresponding to their contribution; or
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

b) Return to the company the excess shares received, so that they can be amortized or placed in the stock exchange.

5. If under the leadership of the new board of directors, new losses are produced, the shareholders' meeting shall decide between approving new capital subscriptions, inviting third parties to undertake such subscriptions, or requesting the Superintendency to declare the company in dissolution and liquidation.

GRAL LAW. Arts. 114, 115, 124, 134(1), 177.
L.G.S. Arts. 76, 85, 115.

Article 129º.- ADDITIONAL PROVISIONS TO CREDITORS MEETINGS
All the other aspects related to the execution of the Meeting of Creditors referred in the preceding articles regulated by the Superintendency through general character regulations.

GRAL LAW. Arts. 115, 124 to 128, 177, 349 (9).

SECOND SECTION
FINANCIAL SYSTEM

TITLE FIRST
GENERAL REGULATIONS

CHAPTER I
DECLARATIVE PRINCIPLES

Article 130º.- PROMOTION OF SAVINGS BY THE STATE.
In accordance with the Political Constitution, savings are promoted by the State under a regimen of free competition.

CONST. Arts. 61, 87.
GRAL LAW. Arts. 2, 8, 9, 131, 132, 134, 181, 182, 221 (2), 229, 345, 347.

Article 131º.- SAVINGS.
Regardless of the method used, savings consists of the set of monetary deposits made by individuals and legal companies from within the country or abroad, into the companies of the financial system. This includes deposits and the acquisition of debt instruments issued by such companies. These deposits are protected in the manner prescribed by the Law.

CONST. Art. 87.
GRAL LAW. Arts. 2, 130, 132, 134, 144, 151 (1), 152, 221 (2).

Article 132º.- WAYS TO REDUCE DEPOSITORS’ RISK
In application of Article 87 of the Political Constitution, these are mechanisms through which attempts are made to additionally lessen depositors' risk:

1. The limits and prohibitions prescribed in Title II of Section Two and other provisions governing companies. The purpose of these limits is to ensure risk diversification and to limit the growth of companies of the financial system up to a given number of times their effective capital.
2. The constitution of the reserve stipulated in Chapter III of Title III of Section One.
3. Maintaining the minimum capital stock at constant actual values, as prescribed in Article 18.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

4. The constitution of generic and specific portfolio provisions, both individual and overall prevention provisions by credit groups or categories in the event of unpaid credits, and the constitution of other provisions and charges to profits in the case of positions subject to the various market risks.

5. The promotion of arbitration as a mechanism for the solution of conflicts between companies and between them and the public, using general contract provisions to this effect.

6. The swift recovery of assets of companies of the financial system.

7. The right of execution of settlements of obligations issued by the companies.

8. The execution of Negotiable Mortgage Credit Instruments and Warrants that guarantee obligations with companies of the financial system by its holder, excluding any third party creditor of the debtor, whether or not insolvent. These provisions shall not be applicable to the rights of General Bonded Warehouses to collect storage rentals owed and auction expenses in the execution of the warrants.

9. The securities, funds and other assets guaranteeing obligations with companies of the financial system are thus covered on a preferential basis. Precautionary measures issued with respect to the assets, securities or funds shall only be effective after the company deals with the charges corresponding to obligations due from their principal as of the date when the measure is notified, provided the said assets, securities or funds are not subject to any type of lien in favor of the company of the financial system. The same applies to securities, funds or other assets pledged as guaranty to back third party obligations.

10. The possibility of classifying as due, the terms of obligations which may or not be due from a debtor, faced with a case of non-compliance. Under such circumstances, the company may use its right to compensation, as referred to in the following point.

11. The right to compensation enjoyed by companies, between their assets and any assets of a debtor it may have in its possession, up to the amount thereof, returning the remainder, if any, to the debtor's estate. Intangible assets which are legally or contractually declared or excluded from this right shall not be subject to compensation.

12. The consolidated supervision of the financial or mixed conglomerates.

CONST. Art. 87.


C.C. Arts.1288, 1289, 1290, 1392.

C.P.C. Arts. 608, 619.

Article 133º.- PROVISIONS OF COMPANIES SUBJECT TO CREDIT RISK.

The companies should constitute, with charge to results, generic or specific provisions by credit risk in line with the classification of the debtor, according to the regulations issued by the Superintendency.


C.P. Art. 250.

I.R. Art. 37 (h).

Article 134º.- MEASURES FOR THE ADEQUATE PROTECTION OF DEPOSITORS.

In order to provide an adequate protection to depositors, and not withstanding any other powers conferred by the Law, the Superintendency shall enjoy the following powers:

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52 Subparagraph amended by Law No. 27287 of 17.06.2000
53 Sixth paragraph Numeral repealed by the Sixth Final Resolution on the Law No. 28677 published on 03/01/2006
54 Article amended by Legislative Decree No. 1028, issued on 22/06/2008 and came into force on 01-07-2009.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

1. Order independent audits of companies which have been previously classified and entered in the corresponding register.

2. Supervise that companies of the financial system are appropriately organized and managed by suitable personnel.

3. Supervise that companies of the financial system comply with the provisions governing individual and OVERALL limits.

4. Carry out the consolidated supervision of financial and mixed conglomerates, in accordance with the provisions of Article 138.

5. Measure the risk of financial brokers through the system available at the Credit Bureau, recording the overall indebtedness within the country and abroad, of any persons requesting credit from companies of the financial system.

GRAL LAW. Arts. 22, 52, 79, 87 (6), 138, 158, 180, 198, 199, 200, 203, 347, 381.

Article 135º.- PUBLIC INFORMATION CONCERNING PERFORMANCE OF COMPANIES.

The Financial System companies should maintain informed their clients on the development of their financial and economic situation. For it, notwithstanding the annual reports that should be published adequately, they are obliged to publish the financial statements in the Official Newspaper and in one of extensive national circulation, at least four times a year, in the opportunities and with the detail that establishes the Superintendency.

The publication in the Official Newspaper is done during the seven (7) days of received the financial statements, under responsibility of the Director.

GRAL LAW. Arts. 93, 94, 134, 180, 353. 
L.G.S. Art. 43.

Article 136º.- CLASSIFICATION OF THE FINANCIAL SYSTEM COMPANIES.

All the companies of the financial system that collect public funds should include the classification of at least two risk classifier companies, every six months. To exist two different classifications, the lowest one will prevail.

On its part, the Superintendency shall rate the companies of the financial system in accordance with generally pre-established technical criteria and factors. These shall take into account, among other aspects, risk measurement and management systems, the quality of credit and trading portfolios, equity soundness, profitability level, financial and management efficiency and liquidity.


L.M.V. Arts. 269, 280, 286, 287, 288, 290.
RES. CONASEV. 74-98-UF/94.10.

Article 137.- DIFFUSION OF INFORMATION ON COMPANIES STATE.

The Superintendency should diffuse, at least quarterly, the information on the main indicators of the situation of the financial system companies, linked to its negotiable and receivable credit accounts; being able to include the classification referred in the second paragraph of the preceding article, as well as on the placements, investments and other assets of the same, its classification and evaluation according to its recoverability degree and its capital and provisions level.

Likewise, it will be able to order the companies subject to their control to publish any other additional information that consider necessary for the public.

CONST. Art. 87.

GRAL LAW. Arts. 87 (3, 4), 92, 132, 133, 135, 136, 138, 153, 184, 185, 356, 357, Glossary (Negotiable receivable accounts).
Article 138º.- CONSOLIDATED SUPERVISION.

1. Financial consolidated supervision of conglomerates.

   In its effort to exercise a consolidated supervision of financial conglomerates, the Superintendency shall require companies under its supervision, to submit financial statements and other relevant financial information both, on a consolidated basis, as well as individual for each company, as it may deem appropriate.

   a. In the case of companies domiciled in Peru comprising a financial conglomerate, the Superintendency may request the various companies forming part thereof, to provide any additional information it may require, globally or individually. It may also obtain such information directly from the companies it supervises during inspection visits and through any other in situ procedures it may elect.

   b. In the case of companies non-domiciled in Peru comprising a financial conglomerate which main activities are carried out in Peru, it shall be the responsibilities of supervised companies to supply the Superintendency all information required to undertake the functions prescribed in this item.

   c. With regard to financial conglomerates which main activities are conducted outside Peru, ideally, the consolidated supervision shall correspond to the supervisory entity of the head office country. The Superintendency shall exercise supervision over the transactions carried out in Peru. Notwithstanding the above, the Superintendency shall establish and apply good judgement consolidated supervision regulations for a better undertaking of its function.

   In the cases prescribed in items (a) and (b) above, the Superintendency shall apply the various factors, requirements and limits stipulated by the Law, either globally or individually, as it may determine through general regulations. Consolidated supervision empowers the Superintendency to evaluate the quality of each company's assets and to consolidate the equities and assets, weighted by risk, in an accumulative basis.

   In the cases prescribed in items (b) and (c) above, the Superintendency shall, among other issues, take into consideration any procedures agreed with similar authorities abroad, being able to request the participation of independent auditors.

2. Consolidated supervision of mixed conglomerates

   The powers conferred in the preceding point shall be exercised with respect to mixed conglomerates, so as to determine any effects impacting the companies under its supervision, originated from the financial situation of the non-financial members of the conglomerate.

   It shall be the responsibility of the supervised companies to provide to the Superintendency all the information required for the undertaking of its functions as prescribed herein.

3. Affidavit

   The information shall be supplied in a faithful and timely manner and shall be provided in the form of an affidavit.

   As a result of the consolidated supervision, the Superintendency may order companies under its supervision to adopt prevention measures aimed at lessening any risks they may deem inconvenient with respect to their transactions with other companies comprising the conglomerate or their common clients. It may order similar measures in cases where, due to lack of information, it may consider that it is not able to properly evaluate the risk incurred by a company.


Article 139º.- BUSINESS HOURS AND ASSOCIATED RESTRICTIONS.
Waiver of Responsibility
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Due to the nature of the services provided, companies of the financial system must provide efficient client service at all of their offices and with a minimum schedule of six (6) hours per day on all business days of the year. The only exceptions shall be due to acts of God circumstances which must be previously reported to the Superintendency, if possible.

Client service on non-business days shall be voluntary, and companies may feel free to establish the business hours to institute, which shall also be reported to the Superintendency.

Any infractions of the obligation prescribed in the first paragraph of this article shall be sanctioned with a fine. Continues occurrence of this type of acts shall be considered grounds to submission to the surveillance procedure.

No authority shall have the power to order the halting or restriction of the service provided by companies of the financial system to the public.

Bank holidays may only be declared through Supreme Decree under serious circumstances which may affect national interest. The duration of such holidays shall be strictly limited to the time required by the circumstances.

CONST. Arts. 118 (8), 125 (2).
GRAL LAW. Arts. 95 (2f), 356 (1).
C.C. Art. 1315.

CHAPTER II
BANK SECRECY

Article 140°.- SCOPE OF THE PROHIBITION. 55

Companies of the financial system as well as their directors and employees shall be prohibited from supplying any information with respect to client deposits, unless there is written authorization on their part, or in the cases prescribed in Articles 142 and 143.

The following shall also be obliged to keep bank secrecy:

1. The Superintendent and employees of the Superintendency, except for information concerning holders of current accounts which were closed for issuing checks with no funds.
2. Directors and employees of the Central Bank.
3. Directors and employees of auditing companies and of risk rating agencies.

This prescription shall not apply to any transactions suspected to be involved with money or property laundering, as referred to in Section Five of the Law, in which cases, the company shall be obliged to report such transactions to the Financial Intelligence Unit.

Exempted from legal liability shall be companies and/or their employees who, in compliance with the provisions hereof, report to the Financial Intelligence Unit, any suspicious dealings or transactions which due to their nature, may serve to render themselves to money laundering. The competent authority shall initiate the corresponding investigations and under no circumstances, such information may be used as grounds for filing civil or penal suits or actions seeking compensation from the companies and/or their officers.

Also exempted from such liability shall be those who abstain from supplying any information subject to bank secrecy to persons other than those referred to in Article 143°. Any authorities insisting in soliciting such information shall be liable of being charged with abuse of authority, as prescribed in Article 376° of the Criminal Code.

CONST. Art. 2 (5, 10).

55 Amended by Law No. 27693 of 04/11/2002
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

GRAL LAW. Arts. 87 (4), 136, 141, 142, 143, 154, 180, 225, 228, 360, 372, 375, 376, 378.
C.C. Art. 16.
C.P. Arts. 20 (8), 376.
L.O.B.C.R. Art. 41.
C.T. Art. 62 (10).
L. DE T.V. Art. 145.
L.O.M.P. Arts. 1, 66 (8).

Article 141º.- SERIOUS OFFENCE BY PERSONS VIOLATING BANK SECRECY LAW.
Not notwithstanding the criminal liability stipulated in Article 165 of the Criminal Code, any infractions to the provisions of this chapter shall be considered to be a serious offense for employment purposes. If this becomes irrelevant, the infraction shall be sanctioned with a fine.

CONST. Art. 2 (10).
GRAL LAW. Arts. 140, 142, 143, 360, 361, 372.
L.O.B.C.R. Art. 41.
C.P. Art. 165.

Article 142º.- INFORMATION EXCLUDED FROM THE BANK SECRECY.
Does not constitute a violation of bank secret, the disclosure of the amounts received from various clients for purposes of liquidation of the company. Bank secrecy shall not impede the provision of global information, particularly in the following cases:

1. Whenever supplied by the Superintendency to the Central Bank or companies of the financial system for:
   i. Statistical purposes.
   ii. The design of monetary policies and their follow up.
2. Whenever supplied to banks and financial institutions abroad with which a correspondence relationship may exist, or which may be interested in establishing such relationship.
3. When requested by the auditing firms referred to in Point 1 of Article 134, or specialized risk rating agencies.
4. Whenever required by persons interested in purchasing at least 30% of the company’s capital stock.

The dissemination of information relevant to monies deposited by the various clients for the purposes of the liquidation of the company shall not be considered a violation to bank secrecy.

CONST. Art. 84.
GRAL LAW. Arts. 41, 57, 117, 134 (1), 136, 140, 143, 180, 359.
L.O.B.C.R. Arts. 24 (a), 97.

Article 143º.- BANK SECRECY LIFTING.
Bank secrecy shall not apply whenever information is required by:
1. Courts in the regular undertaking of their business with specific reference to a given proceeding in which the relevant company’s client is involved.
2. The Attorney General, in cases connected with suspicion of embezzlement on the part of officials and public servants, or who have managed government funds or organizations to which government provides financial support.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

3. The Attorney General or the government of a country with which there are agreements to fight, suppress and punish illegal drug traffic or terrorism, or generally, in the cases of suspicion of money or property laundering with respect to financial operations and bank transactions carried out by persons presumably involved in such criminal activities or who may be subject of investigation for being suspected of such acts.

4. The Chairman of a Congress Investigation Commission, by resolution of the corresponding commission and with respect to acts which may compromise public interest.

5. The Superintendent, in the exercise of his supervision duties.

In the cases prescribed in items 2, 3 and 4 above, the request for information shall be channeled through the Superintendency.

Any persons gaining access to confidential information by virtue of the provisions of this article shall be obliged to keep the information secret as long as it does not become incompatible with public interest.

CONSTITUTION. Arts. 2 (9, 10), 97.
GRAAL LAW. Arts. 140, 349 (3), 376 (1, 3), 378.
C.P. Arts. 20 (8), 296
L.O.M.P. Art. 6.
L.O.P.J. Arts. 1, 4.
REGL. CONGR. Arts. 34, 35 (b).

CHAPTER III

DEPOSIT INSURANCE FUND

Article 144°.- CHARACTERISTICS AND PURPOSE OF THE FUND. 56

The Deposit Insurance Fund is a special private legal entity governed by the Law, regulations issued through Supreme Decrees and its bylaws. Its purpose is to provide protection to companies of the financial system, except as indicated in Article 152 and within the limits prescribed in this chapter. It shall be empowered to:

1. Provide coverage to depositors in accordance with the provisions of Articles 152° and 153;
2. Facilitate the attention to depositors and the transfer of assets and/or liabilities of the companies subject to the intervention procedure, pursuant to the provisions established in Article 151; and
3. Under exceptional circumstances, execute the measures adopted by the Superintendency aimed at the strengthening of the capital of companies of the financial system whenever a company member of the Fund becomes subject to the surveillance procedure, prior compliance with the stipulations of items 2 and 3 of Article 99. The basis of exception shall be determined by the Superintendency with the favorable opinion of the Central Bank.

CONSTITUTION. Art. 87.
C.C. Art. 76.
L.O.B.C.R. Arts. 24 (t), 38 (f).

56 Amended by Law No. 27331 of 07/27/2000
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

D.S. 081-99-EF.

**Article 145º.- MEMBERS OF THE FUND.**
All the companies of the financial system authorized to accept deposits from the public referred in item A of article 16º, are Members of the Fund.

The companies joining the Fund shall contribute to it during a period of twenty four months before their transactions can be covered.

GRAL LAW. Arts. 16 (A), 144, 147 (2), 151, 152, 154.

D.S. 081-99-EF.

**Article 146º.- MANAGEMENT OF THE FUND.** 57
The Fund consists of an Administrative Council and a Technical Secretariat, with the functions and attributes conferred by its bylaws. The Fund's bylaws shall be subject to the regulations issued by the Superintendency, which shall approve them through resolution. Furthermore, any statutory amendments shall have the prior approval of the Superintendency. The Public Records must register the Fund in the Register of Legal Companies, simply as a result of the provisions hereof.

The Superintendency shall supply the personnel, premises, furniture, equipment and installations it will require. In addition, it shall appoint the Technical Secretary.

The Administrative Council shall be comprised of:
1. A representative of the Superintendency, appointed by the Superintendent, who presides it.
2. A representative of the Central Bank, appointed by its Board of directors.
3. A Ministry representative, appointed by the Minister.
4. 3 (Three) representatives of the companies of the financial system, appointed in the form established in the Regulation.

The members of the Administrative Council shall hold such post for a period of three (3) years. This period is renewable. Their compensation shall be the sole responsibility of the companies appointing them. The Administrative Council shall meet at least once per month, adopting its resolutions by the majority of members in attendance. In the event of a tie, the president shall cast the deciding vote.

GRAL LAW. Arts. 144, 367 (12), Glossary (Minister, Ministry)
L.O.B.C.R. Arts. 24 (t), 38 (f).

D.S. 081-99-EF.

**Article 147º.- FUND RESOURCES.** 58
The resources of the Fund are as follows:
1. The initial contribution made by the Central Bank.
2. The premiums paid by companies of the financial system.
3. Those contributions resulting from the application of Article 182º.
4. The yield of their assets.
5. The money, values and other assets placed in the Banco de la Nación, as remainder of the liquidation processes, if after 5 (five) years lapsed without claimed.
6. The incomes that by fines are imposed by the Superintendency or the Central Bank
7. Public Treasure credit lines approved by Urgency Decree.

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57 Amended by Law No. 27102 of 05/05/1999
58 Amended by Law No. 27102 of 05/05/1999
8. Credit lines obtained with guarantee of the Public Treasure approved by Urgency Decree.

9. All other funds obtained with approval of the Administrative Council.

The credit line referred to in item 7 above shall be paid by the Fund under the conditions to be agreed by the Fund and the Public Treasury.

These resources are intangible and shall not be subject to any type of precautionary measures, only to be used for the purposes provided herein. For tax purposes, the Fund shall not be subject to any existing or future taxes, including those requiring express provisions to this effect.

Funds deriving from the premiums referred to in item 2 above and their corresponding yield, may not be applied to the transactions indicated in item 1 of Article 151. Nevertheless, these funds may be used for the re-payment of any financing obtained. Likewise, these funds may be used in the case prescribed in item 8 above, when the Public Treasury has honored the guaranty granted to the creditor.

**GRAL LAW.** Arts. 59, 87, 92, 139, 141, 144, 156, 166, 182, 219, 220, 361 (2, 3).

**L.G.S.** Arts. 190, 191.

**L.O.B.C.R.** Arts. 24 (II), 56, 57, 74, 76.

**D.S. 081-99-EF.**

**Article 148º.- PREMIUM AMOUNT AND CALCULATION.**

The amount of premiums to be paid in by members shall be determined on the basis of the risk rating prescribed in Article 136 ⁰, from a base of (1.65%) and a differential between categories of (0.20%). These factors may be changed by the Superintendency prior opinion of the Central Bank.

Premium payments shall be made quarterly, within ten (10) business days following the end of March, June, September and December, based on the average of the obligations covered by the Fund for the quarter ending in such months and in the manner prescribed in the regulations issued by the Administrative Council.

To this effect, members of the Fund shall prepare and submit their corresponding statements, which shall be verified by the Superintendency.

**GRAL LAW.** Arts. 136, 141, 145, 147 (2), 152, 153, 23ª F. and C. Disp.

**L.O.B.C.R.** Arts. 24 (i, j), 97.

**D.S. 081-99-EF.**

**Article 149º.- CRITERIA FOR THE INVESTMENT OF THE FUND RESOURCES.**

Investment of the resources of the Fund shall be done through the Central Bank, using the assets determined by the Administrative Council, taking into account security, liquidity, profitability and diversification criteria. Preferably, the funds shall be invested in the purchase of:

1. Foreign currency.
2. Obligations of the Public Treasury or the Central Bank.
3. Bonds and securities which purchase is permitted for Pension Fund Management Companies and Mutual Funds, issued by institutions not belonging to the financial system.
4. Mutual fund or investment fund unit certificates, provided their investments are made in securities issued within the country.

The securities in which the Fund's resources are invested must have a rating of I or II, or equivalent, as issued by risk rating agencies.

**GRAL LAW.** Arts. 146, 147, 150.

**L.O.B.C.R.** Arts. 61, 62, 66.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

D.LEG. 862. Arts. 1, 2, 8, 27.
D.S. 081-99-EF.
RES. CONASEV. 078-97-EF/94.10.

**Article 150°.- PROHIBITED INVESTMENTS.**

With exception of the arranged in article 151°, it shall be prohibited to invest the Fund assets in:

1. Deposits or investments made in companies of the national financial system, regardless of the type; and
2. Purchase of machinery, equipment and furniture.

**GRAL LAW.** Arts. 147, 149.

**Article 151°.- TRANSACTIONS OF THE FUND.**

The Fund may carry out the following transactions:

1. In the event that a company member of the Fund which is subject to the surveillance procedure and which participates in the exchange and clearing process, prior compliance with the provisions of items 2 and 3 of Article 99, and only with respect to situations provided for in item 3 of Article 144;
   a) Carry out temporary capital contributions, provided it assumes control of the company; and
   b) Facilitate to companies of the financial system, the take over or acquisition of a company subject to the surveillance procedure, through different financing or capitalization methods, provided the said take over or acquisition implies the control of the company by the company taking over or acquiring it.

2. In the event that a company member of the Fund becomes subject to the intervention procedure:
   a) Make a cash contribution to facilitate the transfer prescribed in item 3 of Article 107, in an amount equivalent to a percentage of the covered sum of deposits backed by the Fund, in accordance with the provisions of Article 153, which may never exceed 100% of that amount. This percentage shall be determined in the bylaws of the Fund.
   b) Acquire all or some of the deposits prescribed in Article 152, up to the amount set forth in Article 153, in order to subrogate into the legal position of the depositors.
   c) Transfer all or some of the liabilities referred to in the preceding point, through trusts or other mechanisms.
   d) Sign call options contracts for the liabilities considered in the preceding point.
   e) To establish a company of the financial system to acquire all or some portion of the assets and/or liabilities referred to in item 2 of Article 107 of the banking institutions and the companies able to operate in Module 3 of Article 290, that are subject to the intervention procedure, only in exceptional situations determined by the Superintendence and with the favorable opinion of the Ministry and the Central Bank. This company will have a maximum operation term of (1) year, extendable up to three (3) years through annual extensions approved by the Fund.
   f) Carry out any other transaction which may be authorized by the Superintendency and which is compatible with the nature of the Fund.

3. In the case that a company member of the Fund is dissolved and the process for its liquidation has started, pay for the insured deposits when applicable, up to the limits established in Article 153.

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59 Amended by Law No. 27102 of 05/05/1999
60 Amended by Law No. 27331 of 07/27/2000
61 Incorporated by Law No. 27331 of 07/27/2000
**Waiver of Responsibility**

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

4. Pay the agents used in accomplishing the transactions prescribed in this article.

The Fund shall carry out the transactions indicated in this article when the Superintendency so instructs. For the purpose of points a) and b) of item 1 and point e) of item 2, the Fund can make new contributions.

**CONST.**

**GRAL LAW.**

Art. 87.

D.S. 081-99-EF.

**Article 151-bº.- EXCEPTIONS**

The constitution of the company referred to in item e), Point 2 of Article 151 will be affected only with the registration of the resolution issued by the Superintendency, authorizing the organization and operation of this company without the need to comply the established in chapters I, II and III of Title I of the First Section of the Law that this Superintendency deem convenient.

All the provisions established in the Law and its regulatory provisions are applicable to the new company, except for the following:

a) The impediment to become a director in accordance with item 6 of Article 81.

b) The registration of the company shares in the Stock Exchange, in accordance with Article 29.

c) The limitation to appoint managers in accordance with Article 91.

d) The requirement to have minimum number of shareholders mentioned in the first paragraph of Article 50, in accordance with Article 4 of the Business Corporations Act; and

e) The limits and other prudential dispositions in the opinion of the Superintendency for a maximum term of six (6) months.

**Article 152º.- DEPOSITS BACKED BY THE FUND.**

The Fund shall only back the following deposits:

1. Nominal deposits of any type, made by individuals and non-profit organizations;

2. Any interest accrued by the deposits cited in the preceding point as from their effective or last renewal date. Such interest accrues up to the date when the list referred to in Article 154 is received; and

3. Sight deposits of all other legal companies, except for those corresponding to companies of the financial system.

In the case of joint accounts in the same member of the Fund, the amount shall be distributed between the holders of the respective account, with coverage being effective with respect to each of them, in accordance with the limits listed in Article 153 and the restriction resulting from the following paragraph.  

The Fund shall not cover any deposits from holders who during a period of two (2) years previous to the declaration of dissolution and liquidation, would have acted as directors of the relevant company or persons belonging to the same economic groups holding a share over 4% of the company, provided they have directly or indirectly participated in its operation. Coverage shall also exclude any deposits corresponding to persons related to the company, its shareholders, directors and officials, as well as deposits of other companies of the Peruvian or foreign financial systems and deposits made by infringing the Law and any instruments which while formally enjoying the status of deposits, are essentially non-deposited credits.

**CONST.**

Art. 87.

**GRAL LAW.**

Arts. 120, 151, 153, 154, 15ª Disp. Tran.

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62 Incorporated by Law No. 27331 of 07/27/2000

63 Amended by Law No. 27102 of 05/05/1999

64 Amended by Law No. 27008 of 04/12/1998
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

C.C. Arts. 80, 99, 111, 1172, 1173, 1182.

D.S. 081-99-EF.

Article 153º.- MAXIMUM AMOUNT OF COVERAGE AND PUBLICITY 65

The maximum amount of coverage shall be S/.62 000.00 per person, including interest, as adjusted in accordance with the provisions of Article 18.

In order to determine the Fund's coverage for insured persons of a given company undergoing liquidation, the maximum amount in force at the time when payments in their favor commence shall be taken into consideration.

The coverage must be indicated by the members of the Fund in their advertisement of transactions offered to their clients, except for any such advertisement of an uncovered transaction.

GRAL LAW. Arts. 18, 120, 151, 154, 156, 181.

D.S. 081-99-EF.

Article 154º.- CASE OF DISSOLUTION OF A MEMBER OF THE FUND. 66

If a member of the Fund is dissolved, the Superintendency shall make sure that within a term of sixty (60) days, a list of persons covered is prepared and remitted to the Fund, with an indication of the amount of their rights, breaking down principal and interest amounts. This list must be displayed at least in the headquarters of the relevant company for a period of no less than one hundred and eighty (180) days, together with a notice informing of the dates and places where service will be provided to the insured.

Those who may have been omitted from the list referred to in the preceding paragraph may file a claim with the Superintendency within sixty (6) days from when the notice was first posted. The claim must be certified by a notary.

GRAL LAW. Arts. 120, 144, 145, 152, 153, 155, 156, 157.

D.S. 081-99-EF.

Article 155º.- COMPENSATION OF OBLIGATIONS.

If the insured had any obligations with the Fund in the process of liquidation, the corresponding compensation shall be carried out and only the remaining balance in his favor shall be paid. This compensation shall also be applied without limitation with respect to any sums deriving from deposits for length of service compensation and any other credit of the debtor, even if intangible and unattachable.


C.C. Arts. 1288, 1290.

C.P.C. Art. 648.

D.S. 01-97-TR. Art. 2.

Article 156º.- INITIATION OF THE PAYMENTS THAT CORRESPONDS TO THE FUND. 67

Payments to be made by the Fund shall be made within ten (10) business days from the date of receipt of the list referred to in Article 154, and must be made in an uninterrupted manner.

The Superintendency may request from the Fund the resources necessary for paying insured depositors and the Fund shall be obliged to transfer such resources immediately. The Superintendency must account for the use of the transferred funds.

65 Amended by Law No. 27008 of 04/12/1998
66 Amended by Law No. 27008 of 04/12/1998
67 Amended by Law No. 27008 of 04/12/1998
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for
any legal purpose is Spanish as published in the Official Gazette.

In the event that there are deposits made in the name of minors, a savings account must be opened in
their name, in a company of the financial system.

Any depositors not collecting the corresponding coverage within ten (10) years counted as from the date
when payment was initiated, shall lose their right over such coverage, and the deposits shall form part of
the resources of the Fund, except for those subject to precautionary measures and any deposits made in
the name of minors.

GRAL LAW.   Arts. 147, 151, 153, 154, 157.
C.C.         Art. 451.
D.S. 081-99-EF.

Article 157º.- UNCOVERED AMOUNT OF THE DEPOSITS.
The not covered amount of the deposits performed by the insured of a member of the Fund constitutes
credit to to be taken into account for the end of the liquidation, in accordance with the arranged in article
117º.

The company on liquidation remains obliged with the Fund, since the first day of the insurance payment,
by the totality of the sums in national currency and foreign that the Fund covers its clients, according to the
relation referred in article 154, being carried out the corresponding payment according to the indicated in
article 117º.

GRAL LAW.   Arts. 117, 145, 153 al 156.
D.S. 081-99-EF.

CHAPTER IV
CREDIT BUREAU

Article 158º.- ORGANIZATION OF THE CREDIT BUREAU AND INFORMATION THAT WILL
CONTAIN.
The Superintendency shall be responsible for a comprehensive system to handle a register of financial,
credit, commercial and insurance risks, called “Credit Bureau”. This system must have consolidated and
classified information with respect to debtors of companies.

Any industry association having the required infrastructure may gain access to the Bureau, once it has
subscribed the corresponding contract with the Superintendency.

The Credit Bureau shall contain a record of risks assumed for financial indebtedness within the country,
risks related to credit insurance and other insurance risks, within the limits prescribed by the
Superintendency.

The system may also keep records of:
1. Any trusts established that will entail a transfer of assets, with an indication of the latter, also fulfilling
   information purposes; and
2. Any other type of indebtedness producing additional credit risks for any creditor.

Relevant information shall be made available to companies of the financial system and of the insurance
system, the Central Bank, commercial companies and any interested party in general, prior payment of the
rate to be established by the Superintendency. This information is to be provided on a systematic,
integrated and timely basis.

68 Article repealed by Act No. 27287 of 17.06.2000
**Waiver of Responsibility**

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

The Superintendency shall issue the relevant regulations.


**LAW 28677** Art. 32 (b).

**Article 159º.** OBLIGATION TO PROVIDE THE RELEVANT INFORMATION.

Companies of the financial system and of the insurance system must provide on a periodical and timely basis, the information required to update the register referred to in the preceding article. If computer systems are available, the information must be supplied daily.

Before granting credit, all companies of the financial system must require the relevant individual or legal entity to provide the information prescribed by the Superintendency through general regulations. In case of non-compliance, the credit may not be granted.

**GRAL LAW.** Arts. 158, 160, 179, 361.

**Article 160º.** PRIVATE RISK BUREAUS.

Legal companies may freely get together and provide information to the public with respect to the credit record of debtors of companies of the financial system and of the insurance system and persons writing bad checks.

The Superintendency may totally or partially transfer the credit bureau referred to in Article 158 to the private sector.

**CONST.** Art. 61.

**GRAL LAW.** Arts. 2, 134 (5), 137, 158, 159, 228.

**LAW 27489**

**CHAPTER V RESERVES**

**Article 161º.** RESERVES.

Companies of the financial system shall be subject to the setting aside of reserves in accordance with the nature of the obligations or of their transactions, as may be determined by the Central Bank.

**GRAL LAW.** Arts. 95 (2 a), 101 (2 a), 162 to 166, 356 (5).

**L.O.B.C.R.** Arts. 24 (c, ll), 53 al 57.

**Circular Nº 006-2009-BCRP**

**Circular Nº 007-2009-BCRP**

**Article 162º.** MINIMUM LEGAL RESERVE AND ADDITIONAL RESERVES

The minimum legal reserve shall be no more than nine percent of the total obligations subject to reserve.

For reasons of monetary policy, the Central Bank may establish additional or marginal reserves and it is empowered to pay interest for any funds deposited as reserves, at the rate determined by its board of directors.

**GRAL LAW.** Arts. 95 (2 a), 161, 163, 164, 166.

**L.O.B.C.R.** Arts. 24 (c), 53, 55.

**Circular Nº 006-2009-BCRP**

**Circular Nº 007-2009-BCRP**

**Article 163º.** CONSTITUTION AND NON ATTACHMENT O LEGAL RESERVES.

Legal reserves may only be constituted by:
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

1. Cash, in the account of the corresponding company; and,
2. Deposits in the Central Bank.

Foreign currency may not represent legal reserves in domestic currency, or vice-versa.

Amounts comprising the legal reserve required from companies of the financial system are non-attachable. For the purposes of their calculation, such amounts shall be equivalent to the required legal reserve appearing on the last available legal reserve report.

**GRAL LAW.** Arts. 161, 162, 164.
**L.O.B.C.R.** Arts. 53, 54, 55.

Circular N° 006-2009-BCRP
Circular N° 007-2009-BCRP

**Article 164°.- CENTRAL BANK RESPONSIBILITIES.**

The following are responsibilities of the Central Bank:

1. Determine the minimum legal reserve rate and the rates corresponding to the additional or marginal reserves referred to in Article 162 of the Law.
2. Ensure compliance with the legal reserves and impose any pertinent sanctions, notwithstanding the supervisory function of the Superintendency.
3. Set the periods for legal reserves.
4. Determine the obligations which will be subject to legal reserve.
5. Establish the method and basis of calculation to be applied.
6. Prescribe the contents of reports to be submitted with respect thereto.
7. Issue any legal reserve regulations necessary for the implementation of its policies.

**GRAL LAW.** Arts. 161, 162, 163, 165, 166, 349 (4), 356 (5), 361.
**L.O.B.C.R.** Arts. 24 (c, m, ll), 53 al 57.

Circular N° 006-2009-BCRP
Circular N° 007-2009-BCRP

**Article 165°.- REVISED REPORTS.**

The Central Bank may require that a company of the financial system revise any of the periodical reports it may have submitted with respect to its legal reserve situation. Nevertheless, once one (1) year has lapsed since the submission of a report, it shall be deemed to be accurate and final.

**GRAL LAW.** Art. 164.
**L.O.B.C.R.** Arts. 24 (ll), 56, 57.

**Article 166°.- LEGAL RESERVE DEFICIT.**

Companies of the financial system incurring in legal reserve deficits shall be sanctioned with a fine in a progressive amount, as determined by the Central Bank.

Any exemption or reduction in the fine for legal reserve deficit approved by the Central Bank in accordance with the provisions of its Organic Law, shall determine the interruption of the progression referred to in the preceding paragraph.

**GRAL LAW.** Arts. 95 (2 a), 164, 356 (5).
**L.O.B.C.R.** Arts. 24 (ll), 56, 57.

Circular N° 006-2009-BCRP
Circular N° 007-2009-BCRP

59
CHAPTER VI
GUARANTIES

Article 167º.-

Article 168º.-

Article 169º.- PRESUMPTION OF GUARANTY ENDORSEMENT.
Whenever a security or other instrument subject of negotiation by endorsement, except for checks, are in the possession of a company of the financial system, the endorsement issued thereon shall be presumed to have been made as a guaranty, unless otherwise stipulated.

GRAL LAW. Art. 132 (9).
L. DE T.V. Arts. 12, 33, 34, 37, 42, 140.

Article 170º.- PRESUMPTION OF THE EXISTENCE OF COLLATERAL.
The mere delivery to a company of the financial system of bonds and other securities not included in this article shall not constitute a pledge over such assets to guarantee any obligations on the part of the party making the delivery, unless otherwise stipulated.
With respect to the pledging of stock, the pertinent provisions of the Business Corporations Act or of the Securities Market Act, as the case may be, shall govern.

GRAL LAW. Arts. 132 (9), 169, 171 to 174.
L.G.S. Arts. 92, 100 (5), 109.
C.C. Arts. 1055, 1084, 1085, 1086
C. DE C. Arts. 315, 316, 319.
LAW 28677 3ª D.F.

Article 171º.- PREFERENTIAL CHARACTER OF THE REAL GUARANTIES.
The preferential character of the real guarantees registered or not, is not affected by the eventual existence of tax debts in charge of the constituent.

GRAL LAW. Arts. 119, 132 (8, 9), 170, 172, 6ª F. and C. Disp.
C.C. Arts. 1097, 1112, 2016, 2019 (1), 2022.
C.T. Art. 6.
LAW 28677 Arts. 25, 32.

Article 172º.- GUARANTIES SUPPORT ALL OBLIGATIONS SET AGAINST THE COMPANY

(*)

69 Article repealed by Act No. 27287 of 17.06.2000
70 Article repealed by Act No. 27287 of 17.06.2000
71 The first and second paragraph incorporated by the Law N° 27851 (that modified the article 1° of the Law N° 27682, nmodifyatory regulation of the first paragraph of the original text of this article) they have been left without effect by virtue of the revocation arranged by the Sixth Final Disposition of the Law of the Furniture Guarantee approved by the Law N° 28677 of the 24-02-2006.
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

The liberation and extinction of every real constituted guarantee in favor of the companies of the financial system require to be explicitly declared by the deserving company. The extinction arranged in article 3º of Law Nº 26639 is not applicable for the obligations constituted in favor of a company.

GRAL LAW. Arts. 171, 173, 174, 204, 235 (2), 236 (2), 238, 239 (3).
C.C. Arts. 1097, 1100, 1101, 1104.
LAW 26639. Art. 3.

Article 173º.- EXTENSION TO THE OWED COMPENSATION.

The pledges and the mortgages constituted in favor of a company of the financial system extend to the compensation owed in case of sinister, if the goods were insured, without damage of the insurances that can be constituted explicitly in favor of the company.

The insurances company without need of court order, and in every case to simple request of the company of the financial system in writing, are obliged to credit the compensation owed, under sanction of second payment, in case delivered the compensatory value to third parties.

In the case of insurances that refer to merchandise protected by warrants, the collection of the compensation will be performed according to the dispositions of the Law Nº 2763, on warrants and general deposit stores.

GRAL LAW. Arts. 171, 172, 174, 343 (5).
C.C. Arts. 1097, 1101, 1224.
LAW 28677. Art. 6, 3ª D.F.

Article 174º.- EXTENSION OF THE AMOUNT THAT MUST BE PAID BY RESPONSIBLE FOR PLEDGED ASSETS.

The right enjoyed by companies of the financial system deriving from the pledging of collateral or mortgages in their favor shall be extended to the amounts to be paid by those responsible for the loss, damage or destruction of the assets pledged.

If there was a civil or criminal process underway, regardless of its status, even if sentence is being executed, upon the simple written request from the company, the court shall must order that the amount which may have been determined, be paid directly to the company. The company shall be considered as part of the proceeding and may substitute the plaintiff or civil party, as the case may be.

GRAL LAW. Arts. 172, 173, 344 (3), 8ª Disp.F. and C.
C.C. Arts. 1101, 1110, 1122 (4), 1708 (1).
C.P.C. Arts. 713 (1), 715.
LAW 28677. 3ª D.F.

Article 175º.- SALE OF PLEDGED ASSETS.

Companies of the financial system may request the sale of any assets which may have been pledged as collateral or in mortgage, in the following cases:

1. If the debtor fails to pay one or more installments on the dates established.

2. If the collateral had depreciated or suffered damages to such extent that it may jeopardize the recovery of the credit, as stated by a specialized appraiser registered with the Superintendency.

3. If the debtor or a company of the financial system are charged with respect to the ownership of the assets pledged as collateral.

4. If the debtor sells the assets or pledges the assets offered as collateral to the detriment of the rights corresponding to the company as a creditor.

5. If under any method, the debtor assigns the possession of the assets pledged as collateral without the consent of the creditor company.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

GRAL LAW. Arts. 132 (6, 10), 171, 172, 344 (3).
C.C. Arts. 882, 1110, 1111, 1113.
C.P.C. Arts. 720, 723.
LAW 28677. Art. 27, 47, 3ª D.F.

Article 176º.- REGISTER BLOCKING.
Companies of the financial system and of the insurance system may use register blocking for the recording of any acts with the public registries, applying as applicable, the provisions of Law Decree N° 18278 and its amendments and extensions.

Any contracts celebrated between these companies and their clients may be extended by private document signed or authenticated before a notary public, which shall be registered with the corresponding Public Records without the need of granting a public deed, except for contracts which may exceed forty (40) Tax Units, in which case a public deed shall be required.

GRAL LAW. Art. 172.
LAW 26481.

CHAPTER VII
SUNDRY DISPOSITIONS

Article 177º.- NO APPLICATION OF THE INSOLVENCY AND RESTRUCTURING PATRIMONIAL RULES TO THE COMPANIES.
The insolvency situations and, in their case, of patrimonial restructuring of the companies regulated by the present law, are subject exclusively to the regulations here contained.

The responsibility of the directors and managers of the company of the financial or insurances systems declared in dissolution and liquidation, will be subject to the regulations contained in articles 209º, 210º, 211º and 213º of the Penal Code.

GRAL LAW. Arts. 87, 92, 114, 115, 117, 118, 119, 126.
L.G.S. Arts. 177, 183, 190, 191, 196.
C.P. Arts. 209, 210, 211, 213.
C.A.C. Art. 2

Article 178º.- ADMINISTRATION OF ASSETS AND PASSIVE. 72
The companies should establish an adequate administration process of assets and passive. Said process should include the identification, measurement, control and report of the risks to the ones are exposed by the installment of financial products, such as liquidity risk, market risk and operational risk.

GRAL LAW. Arts. 2, 8, 347, Glossary (financial intermediation).

Article 179º.- SWORN STATEMENT CHARACTER OF ALL INFORMATION SUBMITTED TO A COMPANY.

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72 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-12-2008.
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

All information supplied by the client to a company of the financial and insurance systems has the character of sworn statement.

Who resorting of information or false documentation on its financial and economic situation, obtains of a company of the financial and insurance systems, one or more credit operations, direct or indirect, included the financial leasing or the overtime or refinancing of such operations, remains subject to the sanction established in the first paragraph of article 247º of the Penal Code.

Without damage of the penal sanction alluded in the previous paragraph, the company is authorized, to resolve the respective contract or to give up all the time limit negotiated, proceeding to require the execution of the corresponding guarantees.

The debtor of a company of the financial system cannot carry out act of disposition to free title of his goods, without previous written communication to the deserving company. The free title acts or onerous that review the simulated character, will be uneffective according to the provision established in articles 219 (item 5) and 221º (item 3) of the Civil Code, as correspond.

The creditor can exercise the right referred in the article 1219, item 4 of the Civil Code.

GRAL LAW. Arts. 132 (10), 138, 172, 173.
C.P. Arts. 196, 247, 427, 428 al 430.

Article 180º.- AUDIT OF COMPANIES.

In addition to the guidelines that regulate the audits, the Superintendency will establish requirements and standards of external and internal audit for the case of the companies of the financial and insurance systems. The companies should submit the evaluation of the compliance of such requirements and standards to the external auditors, who should issue their opinion with respect to the financial states report.

Omission or defective compliance with the provisions contained in the previous paragraph by external auditors, will be sanctioned by the Superintendency with the exclusion of the corresponding registration.

GRAL LAW. Arts. 134 (1), 142 (3), 357, 367 (7).
C.P. Arts. 245, 427 al 430.
D.LEG. 850
D.S. 137-96-EF

Article 181º.- PUBLICITY CARRIED OUT BY THE COMPANIES.

In any advertisement made by companies of the financial system in connection to the interests offered to depositors, is mandatory to indicate the effective annual yield of the deposits. The Superintendency shall sanction the omission in which incurs, as well as the cases in which the information is inaccurate or could induce to error.

CONST. Art. 61.
GRAL LAW. Arts. 9, 356, 361.
C.C. Arts. 1243, 1244.
L.O.B.C.R. Art. 52.
D.LEG. 691
D.LEG. 716
CIRC. B.C.R. 041-94-EF/90.

Article 182º.- DORMAND DEPOSITS FOR TEN YEARS.
GRAL LAW. Arts. 144, 147 (3), 151.
D.S. 081-99-EF.
C.C Art. 2001 (1).

**Article 183º.- PERIOD OF RECORD KEEPING**

Companies of the financial system are obliged to keep their books and documents by a period of time no less than ten (10) years. If, within that term, any legal action is promoted against them, the obligation in reference subsists during the time process, regarding all the documents that keep relation with the controversial matter.

For purposes of the contained in this article, microfilms or other analogous media may be used, according with law enforcement in this matter.

GRAL LAW. Arts. 375, 376, 377.
L.G.S. Art. 190 (1).
C.C. Art.. 2001 (1).
D.LEG. 681.
D.S. 09-92-JUS.

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**TITLE II**

**LIMITS AND PROHIBITIONS**

**CHAPTER I**

**EFFECTIVE EQUITY**

**Article 184º.- EFFECTIVE EQUITY.**

The effective equity of the companies will be able to be used to cover credit risk, market risk and operational risk. It will be determined adding the basic equity and the supplementary equity, according to the following procedure:

A. The basic equity or patrimony of level 1 will be constituted in the following way:

1. It will be added to the paid-in capital, the legal reserves, the supplementary premium of capital and the optional reserves that can be only reduced subject to authorization of the Superintendency, if there are. The paid-in capital includes the common shares and the perpetual preferred shares with right to no committed profits.
2. Profits of preceding periods are added to the profits of the current trading year that have capitalization agreement.
3. Other elements that gather characteristics of continuance and absorption of similar losses to the elements refered in numeral 1 are added, according to regulations established by the Superintendency.
4. Losses of preceding periods and the corresponding to current trading year are deducted, as well as the deficit of provisions that have been determined.

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73 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
Waiver of Responsibility
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5. Goodwill is deducted as a result of the re-organization of the company, as well as the acquisition of investments.

6. Half of the amount referred in literal C of this article is deducted. In case there is no equity of level 2, the 100% (hundred percent) of literal C will be deducted of the patrimony of level 1.

Elements considered in item 3 will be only computed up to 17.65% of the total amount pertaining to the respected components considered in items 1, 2, 4 and 5.

B. The supplementary equity will be constituted by the sum of the capital of level 2 and of the equity of level 3.

The equity of level 2 will be constituted as follows:

1. It is added optional reserves that can be deducted without including the prior consent of the Superintendency, if there are.

2. Add the computable part of the redeemable subordinate debt and of the instruments with characteristics of capital and debt indicated by the Superintendency, according to the article 233°.

3. When the standard method for the decision of the request of effective equity by credit risk is used, it is added the generic provisions up to one point twenty-five percent (1.25%) of the assets and contingent praised by credit risk. In case that internal models are employed for the mentioned patrimonial request, it will be added until zero point six percent (0.6%) of the assets and contingent praised by credit risk, according to the arranged in article 189°.

4. Half of the total referred in literal C of the present article is deducted. In case not equity of level 2 exist, 100% (hundred percent) of the literal C will be deducted of the capital equity of level 1.

The equity of level 3 will be constituted by the exclusive redeemable subordinate debt to bear market risk referred in article 233°.

C. The concepts that should be deducted from equity of level 1 and from equity of level 2, according to the indicated in the previous literals are the following:

1. The total of the investment in shares and in subordinate debt issued by other companies of the financial and insurance system of the country or overseas.

2. The total of the investment in shares and in subordinate debt done in companies with the ones corresponds to consolidate the financial statements, including the holding company and the subsidiaries referred in the articles 34° and 224°, according to the rules established by the Superintendency.

3. The total in which the shares investment in a company of the real sector with the one that do not correspond to consolidate not considered in the receivable accounts of negotiation exceed the 15% of the effective equity, and the total in which the total shares investment in companies of the real sector with the ones that do not correspond to consolidate in the receivable accounts of negotiation exceed 60% of the effective capital capital. The effective equity referred in this numeral will be calculated without including the numerals 3 neither 4 of this item.

4. If it is the case, the result of the application of the article 189°.

The Superintendency will regulate the additional requirements that should comply the components of the effective equity.

GRAL LAW. Arts. 16, 18, 34, 60, 64 (2), 65, 67, 68, 70, 71, 132, 133, 185 to 211, 233, 24ª Disp. Tran Glossary (effective equity).

L.G.S. Arts. 51, 52, 85,202 (3), 206, 229.

I.R. Art. 37 (h).
Waiver of Responsibility
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D.LEG. 797.
D.S. 06-96-EF.

**Article 185°.- LIMITS IN THE COMPUTATION OF THE EFFECTIVE EQUITY.**

For the determination of the effective capital capital the following limits among the components should be respected:

1. The supplementary equity cannot be over the basic equity.
2. The redeemable subordinate debt of the equity of level 2 will not be superior to fifty percent (50%) of the total pertaining to the components of the basic equity considered in numerals 1, 2, 3, 4 and 5 of literal A of article 184°.
3. Equity of level 3 will not be over two hundred fifty percent (250%) of the total pertaining to the components of the basic equity considered in numerals 1, 2, 3, 4 and 5 of item A of article 184° assigned to cover the market risk.

**GRAL LAW.** Arts. 184, 233.

**Article 186°.- RISK MEASUREMENT METHODOLOGIES USED IN THE CALCULATION OF EFFECTIVE EQUITY REQUIREMENTS**

The Superintendency will determine the methodologies for the measurement of the credit risk, of the market risk and of the operational risk that will be used by the company to calculate the requests of effective equity.

For the calculation of the request of effective equity by credit risk, the company will use the standard method according to the contents in article 187°, or internal model according to article 188°.

For the calculation of the request of effective equity by market risk, the companies will use the standard method according to the contents in article 192°, or internal model according to the indicated in article 193°.

For the calculation of the request of effective equity by operational risk, the companies will use the method of the basic indicator, the alternative standard method, or advanced methods, according to the indicated in article 194°.

In case of breach of the dispositions that establish the Superintendency for the use of internal models for credit risk or market risk, as well as of the alternative standard method or advanced methods for operational risk, the Superintendency will be able to determine that the company calculate its request of effective equity according to the method used previous to the corresponding authorization, in accordance to the regulations that establish said agency of control.

About companies that initiate the calculation of the request of effective equity by operational risk with the alternative standard method, in case of breach of the dispositions that establish the Superintendency for the use of said method, should calculate their request of effective equity by operational risk according to the method of the basic indicator.

**GRAL LAW.** Arts. 132, 187 to 197, 199, 218, 359, 24ª Disp. Tran, Glossary

**L.O.B.C.R.** Arts. 24 (i, j), 97.

**Article 187°.- EFFECTIVE EQUITY REQUIREMENTS FOR CREDIT RISK THROUGH THE STANDARD METHOD.**

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74 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
75 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
76 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
Waiver of Responsibility

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Except in case that the Superintendency has issued authorization to calculate the request of effective equity by credit risk according to the arranged in article 188, the companies should employ the standard method for the calculation of the request of effective equity by credit risk and they should praise the total of their expositions by the factors that are assigned according the risk classification of the counterpart or, in case correspond, determined according to the assets portfolio, according to the regulations established by the Superintendency.

The entries out of balance will be become expositions equivalent of credit risk through the use of conversion factors utilization at credit risk, according to the regulations established by the Superintendency.

GRAL LAW. Arts. 184, 185, 186, 189, 191, 196, 199, 218, 24ª Disp. Tran , Glossary (crédito risk).

Article 188º.- REQUEST OF EFFECTIVE CAPITAL BY CREDIT RISK THROUGH INTERNAL MODELS. 77

The companies will be able to employ internal models to calculate the request of equity by credit risk subject to authorization of the Superintendency. For said effect, the Superintendency will establish the requirements and other dispositions that should comply the companies and the above-mentioned internal model.

GRAL LAW. Arts. 184, 185, 186, 189, 191, 196, 197, 199, 218, 24ª Tran. Glossary Disp. (credit risk)

Article 189º.- COMPENSATION OF PROVISIONS BY CREDIT RISK IN THE APPLICATION OF INTERNAL MODELS. 78

The companies that use internal models for the calculation of the request of equity by credit risk, they should compare (i) the total volume of provisions constituted by credit risk with (ii) the total expected losses calculated with the internal models.

When the total expected loss is over the total of provisions constituted by credit risk, the companies should deduce the difference using a 50% of the patrimony of Level 1 and a 50% of the patrimony of Level 2. In case no capital of Level 2 exists, the 100% of the difference will be deduced of the capital of Level 1.

When the total expected loss is lower than the assembly of provisions constituted by credit risk, the companies will be able to recognize the difference as patrimony of Level 2 up to a maximum of 0.6% of the assets and contingent praised by credit risk.

GRAL LAW. Arts. 184, 185, 186, 188.

L.O.B.C.R. Arts. 62, 63.

Article 190º.- CRITERIA FOR THE ADJUSTMENT OF ASSETS AND CONTINGENT BY CREDIT RISK. 79

For the calculation of assets and contingent praised by credit risk, governs the following:

1. Assets that have been deducted from the equity in accordance with the provisions established in Article 184º are not included.
2. Provisions not considered in the equity are deduced from the assets or assets category that correspond in case of the standard method. In case of the use of internal models, assets are considered without deducted provisions.
3. Repayments of the intangible assets and the depreciations are reduced of the respective accounts.
4. Valuation of the assets in foreign currency is performed to the exchange rate of the date used for the presentation to the Superintendency of the reports referred in Article 197º.

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77 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
78 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
79 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009

**Article 191°.- CREDIT RISK MITIGATING**  
The calculations of provisions and of the request of equity by credit risk indicated in articles 133°, 187° and 188° will be able to turn out to be smaller in case the expositions include credit risk mitigating. The Superintendency will determine the mitigating that will be able to be considered for the reduction of the expositions and will regulate the requirements that should comply such mitigations, as well as the computation methodology of said reductions.

Gral Law. Arts. 133, 186, 187, 188, 189, 190, 196, 197,

**Article 192°.- REQUEST OF EQUITY BY MARKET RISK THROUGH STANDARD METHOD.**  
Save in case of having authorization of the Superintendency to calculate the request of equity by market risk according to the established in article 193°, the companies should employ standard methods for the calculation of the request of effective equity by market risk, according to the regulations established by the Superintendency.


**Article 193°.- REQUEST OF EFFECTIVE EQUITY BY MARKET RISK THROUGH INTERNAL MODELS.**  
The companies will be able to employ internal models to calculate the request of effective equity by market risk subject to authorization of the Superintendency. For said effect, the Superintendency will establish requirements and other dispositions that should comply the companies and the above-mentioned internal models.


**Article 194°.- REQUEST OF EFFECTIVE EQUITY BY OPERATIONAL RISK.**  
The companies should employ one of the following calculation methods to determine the request of effective equity by operational risk:

1. Method of the basic indicator: In this method, the requirement is calculated considering an indicator of exposition based in the gross income of the company, and a weighting factor.
2. Alternative standard method: In this method, the requirement is calculated considering indicators of exposition related to the gross income of the standard business lines defined by the Superintendency, as well as to the loan balance sheet. Weighting Factors are used for each business line.
3. Advanced Methods: In these methods, the request is calculated on the base of the internal models of operational risk measurement defined by the company.

The companies will be able to initiate the calculation of the request of equity by operational risk through the method of the basic indicator or the alternative standard method. Nevertheless, the use of the alternative standard method will require authorization of the Superintendency, according to the regulations that establish said Agency of Control.

To make use of the advanced methods will be required, also, prior authorization of the Superintendency, according to the regulations established by said Agency.

Gral Law. Arts. 184, 185, 186, 196, 197, 199, 218, 24ª Tran.

**Article 195°.-**

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80 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
81 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
82 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
83 Article amended by D. Leg. 1028, issued on 22.06.2008 and entered into force on 01-07-2009
84 Article amended by D. Leg. 1028, issued on 22.06.2008 and entered into force on 01-07-2009
CHAPTER II
Portfolio Consolidation and Operational Limits

Article 198º.- CALCULATION OF OPERATIONAL LIMITS.
Limits for company operations are determined based on its effective equity.

GRAL LAW. Arts. 8, 87, 92, 95, 104, 132 (1), 134 (3), 184, 185, 199 to 212, 218, 356 (4), 24ª Disp. Tran.
C.P. Art. 244.
D.LEG. 797.
D.S. 06-96-EF.

Article 199º.- OVERALL LIMIT. 87
The effective equity of the companies should be equal or greater than 10% of the assets and contingent praised by total risk that correspond to the sum of: the request of effective equity by market risk multiplied by 10, the request of effective equity by operational market risk multiplied by 10, and the assets and contingent praised by credit risk. Said computation should include every exposition or assets in national or foreign currency, included its overseas branch offices.

The companies should include a process to evaluate the sufficiency of their equity in function to their risk profile.

It is responsibility of the board of directors to be assured that the companies consider an on top effective equity of the global limit before mentioned in advance to possible negative fluctuations of the economic cycle and in function to the risk profile of their company.

GRAL LAW. Arts. 95, 104, 132 (1), 134 (3), 184, 185, 186 to 198, 218, 356 (4), 24ª Tran. Disp.
C.P. Art. 244.

Article 200º.- GLOBAL LIMITS FOR OPERATIONS
For operations carried out under Article 221, companies referred to in Point A of Article 16 shall be subject to the following overall limits, in accordance with the effective equity:

1. For the purchase of invoices referred in numeral 10: fifteen percent (15%). 88

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85 Article amended by D. Leg. 1028, issued on 22.06.2008 and entered into force on 01-07-2009
86 Article amended by D. Leg. 1028, issued on 22.06.2008 and entered into force on 01-07-2009
87 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
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2. For gold holdings referred in numeral 40: fifteen percent (15%).

3. For the operations with financial derivate products, in agreement with numeral 16: the ten percent (10%). The procedure for the calculation of this limit will be determined by the Superintendency.\(^8\)

4. For the possessions of shares, in agreement with item 17; as well as the certificates of participation in mutual funds and the certificates of participation in investment funds, referred in item 19: forty percent (40%).\(^9\)

5. For investment in property and real estate referred in item 28, with exception considered by leasing and those awarded that are governed by article 215º: seventy five percent (75%).\(^9\)

6. Other global limits that, by prudent reasons, determine the Superintendency, subject to previous opinion of the Central Bank.\(^9\)

\(^{91}\)

GRAL LAW. Arts. 95, 132 (1), 134 (3), 184, 185, 198, 219, 221 (10, 16, 17, 19, 28, 40), 349 (16), 356 (4), 359, 1ª Disp. F. and C., 20ª Disp. F. and C.

C.P. Art. 244.

C.B.O.L. Arts. 24 (i, j), 71, 72, 97.

L.M.V. Art. 132 (d).

D.LEG. 299.

D.S. 559-84-EFC.

Article 201º.- LOANS GRANTED TO COMPANY DIRECTORS AND EMPLOYEES.

\(^{94}\) All loans given by companies of the financial system to their directors and employees as well as their spouses and relatives, shall not exceed seven (7%) of their effective capital and reserves. No director or employee may receive more than five (5%) of the indicated overall limit, taking into consideration for such purposes, their spouses and relatives.

None of the loans referred in this article may be given in more favorable conditions than the best afforded to the clients of the company, except for mortgages loans for personal housing given to employees.

GRAL LAW. Arts. 95, 184, 185, 198, 203, 212, 219, Glossary (relatives, employees, effective equity).

C.C. Arts. 236, 237.

Article 202º.- FINANCING FOR RELATED PERSONS.\(^{95}\)

Not withstanding the limitations resulting from Articles 206 to 211, the total of all loans, leasing transactions, investments and contingencies given by a company of the financial system to individuals or legal companies directly or indirectly related to its ownership, on a proportion greater than 4% (four

\(^{8}\) Numeral expiring at 180 days from the publication of Law No. 29623 of 12/06/2010, published on 12/07

\(^{89}\) Numeral amended by Leg. 1028, published on 22.06.2008 and entered into force on 01-12-2008.

\(^{90}\) Numeral amended by Leg. 1028, published on 22.06.2008 and entered into force on 01-12-2008.

\(^{91}\) Numeral amended by Leg. 1028, published on 22.06.2008 and entered into force on 01-12-2008.

\(^{92}\) Numeral amended by Leg. 1028, published on 22.06.2008 and entered into force on 01-12-2008.

\(^{93}\) Paragraph repealed by Leg. 1028, published on 22.06.2008 and entered into force on 01-12-2008

\(^{94}\) Paragraph amended by Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009

\(^{95}\) Amended by Law No. 27102 of 05/05/1999
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percent), or who may have a significant influence of its operations, may not exceed any amount equivalent to 30% (thirty percent) of the company’s effective equity.

The conditions of such loans may not be more favorable than those given by the company to its clients, with respect to terms, interest rates and guarantees.

The Superintendency shall determine the criteria governing relationships through general regulations, in accordance with the provisions of the following article.

GRAL LAW. Arts. 95, 184, 185, 198, 201, 203, 206 al 211, 219, 1ª Tran. Disp.
D.LEG. 299.
D.S. 559-84-EFC.

Article 203º. CRITERIA FOR SETTING INDIVIDUAL LIMITS. 96
In order to determine individual limits, the following shall be taken into account:

1. Avoid risk concentration produced when various individuals or legal companies comprise the same financial or mixed conglomerate; and are therefore subject to a common or sole risk. Prevent risk concentration produced when various individuals or legal companies comprise the same financial or mixed conglomerate; and are therefore subject to a common or sole risk.

2. When the related counterparts are defined, not only groups producing consolidated accounts shall be taken into consideration, but the criteria established for single or common risk.

3. In determining such individual limits, risk concentration on a sole counterpart or on a group of related counterparts shall be considered.

Means sole or common risk when two or more individuals and companies are associated with each other in the sense that:

a. One of them exercise direct or indirect control over the other;

b. Their cumulative credits represent a sole risk to the company of the financial system inasmuch as they are inter-related with the possibility that if one of them experiences financial problems, it is also possible for the other part, or all of them, will have payment problems. This includes relationships based on common ownership, common control or administration, reciprocal guaranties and/or direct business dependence which cannot be replaced at short term;

c. Assumptions based on the fact that granted credits will be used in benefit of others;

d. Assumptions based on the fact that various parties have such relationships which in fact constitute one economic interests unit.

The fact of being the debtor of a company, a company incorporated overseas, among whose partners or shareholders figures other companies or whose shares are bearer shares, will lead to the presumption that it is related for the effects referred in the previous article.

Sole risk shall not discounted when the indebtedness of such individuals or companies with a same company of the financial system or its subsidiaries, is separately.

For purposes of this Act, definitions regarding an economic group, related companies or conglomerates shall be those established as general rules by the Superintendency, taking into account the criteria specified in this article.

Likewise, the Superintendency will establish the criteria that will apply to determine the sole risk when is a matter of companies, agencies, dependences and businesses, that directly or indirectly are considered or form part of the Peruvian State.

96 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
Article 204º.- FINANCING GIVEN TO ANOTHER COMPANY DOMICILED IN THE COUNTRY.

The credits given by a company of the financial system to another one domiciled in the country and any deposits made therein, added to the warranties, securities and other guaranties received from such company, may not exceed the thirty percent 30% of its effective equity.

A Company of the financial system can not receive in guaranty warrants issued by a single general warehouse in excess of the sixty percent (60%) of their equity, unless the company is the major shareholder of the warehouse.

Individual limits of the coverages given by an independent credit insurance patrimonial to a same company of the financial system and the overall limits of such coverage will be established by the Superintendency.

Article 205º.- FINANCING FOR OVERSEAS COMPANIES.

Credits given by a company of the financial system to a foreign banking or financial institution and the deposits made therein, added to the warranties, securities and other guaranties received from such institution, may not exceed the following limits with reference to the equity of the company:

1. Five percent (5%) for institutions not subject to supervision by an agency similar to the Superintendency.

2. Ten percent (10%) for institutions subject to supervision by an agency similar to the Superintendency, and not included in Point 3.

3. Thirty percent (30%) for top-rated banks.

4. Fifty percent (50%) if the excess in each of the preceding cases is represented by letters of credit, excluding those referred to in the following paragraph.

Letters of credit payable pursuant to the Reciprocal Payment and Credit Agreement - ALADI, are not taken into consideration for purposes of the limit.

Article 206º.- FINANCING GIVEN TO THE SAME PERSON – TEN PERCENT LIMIT (10%)

The companies of the financial system may not give to or for the account of a single natural or legal entity, whether directly or indirectly, credit, investment or contingency funds exceeding the equivalent of ten percent 10% of their equity.

The limit indicated in the previous paragraph includes all types of financing and investment with exception of bonds guaranteeing the signing of contracts in public bids, which are subject to a limit of thirty percent (30%).

Article 207º.- FIFTEEN PERCENT LIMIT (15%).

Under exceptional circumstances, the companies of the financial system may exceed the limit referred in the preceding article, up to the equivalent of 15% of their equity, provided that in the respective transaction
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or operations an amount of at least equivalent to the excess of any of such limits is covered by any of the
following guarantees at realization value:

1. Mortgage.
2. Collateral with legal or physical delivery, except for any collateral referred to in Articles 208 and 209.
3. Warrants.
4. Endorsed or assigned bills of lading and consignment notes, only if the transaction involved the
financing of imports.
5. Trust in guaranty constituted on the property referred to in this article.

The guaranties referred to in numeral 4 may constitute a separate document, provided that they refer to
imported goods and the original documents relating to are in the possession of the company.

GRAL LAW. Arts. 95, 171, 172, 184, 185, 198, 203, 206, 208, 209, 212, 219, 221, 274, 1ª Tran. Disp.
C.C. Art. 1097.
L.G.M. 2 a D.F.

Article 208º.- TWENTY PERCENT LIMIT (20%).

On exception, these companies may exceed the limits referred in the previous articles, up to the
equivalent of twenty percent 20% of their effective equity, provided that in the respective transaction or
transactions an amount at least equivalent to the excess of any of such limits is covered by any of the
following guaranties at realization value:

1. First pledge on:
   a) Non-subordinate debt instruments issued by any of the institutions or companies referred
   respectively, the Articles 189 item 5, and 191, items 3 and 4, for the said market value, updated
   once per month;
   b) Securities serving as a basis for the determination of the Selective Index of the Lima Stock
   Exchange, also at the above-mentioned market value, updated once per month; or
   c) Shares or high liquidity bonds quoted on any well-known foreign stock exchange, at their
   corresponding market value, updated once per month.

   In order for such pledges to be eligible, they must appear in the corresponding register.

2. Repo transactions with transfers in favor of the company of any of the assets specified in this article.
3. Trust in guaranty constituted on the property referred to in this article.

GRAL LAW. Arts. 95, 171, 172, 184, 185, 198, 203, 206, 207, 209, 212, 219, 221, 232, 234, 274, 1ª Tran. Disp.
L.G.S. Arts. 92, 100 (5), 109.
L.M.V. Arts. 80, 81, 82, 83, 86.
L. DE T.V. Art. 32.
L.G.M. 2 a D.F.

Article 209º.- THIRTY PERCENT LIMIT (30%).97

Likewise, exceptionally, companies may exceed the limits referred in the previous articles, up to the
equivalent of thirty percent 30% of their effective equity, provided that an amount at least equivalent to the
excess on such limits is formed by financial leasing or by transactions that are covered by any of the
following guaranties at net selling price:

97 Amended by Law No. 28184 published on 03/02/2004
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

1. Pledge with physical delivery over cash deposits referred in item 4 of Article 189, for their whole nominal worth;
2. First pledge on instruments representing Central Bank obligations at their market value updated once per month;
3. Report transactions with transfers in favor of the company, of the instruments referred in item 2 of this article.

GRAL LAW. Arts. 95, 171, 172, 184, 185, 198, 203, 206, 207, 208, 212, 219, 221, 1ª Tran. Disp.
L.G.M. 2ª F. D.

Article 210º.- FINANCING TO RESIDENT OVERSEAS.

The credits, contingency funds, investments and financial leasing given by a company to a non-domiciled individual or legal entity, except for the banks and finance companies referred in Article 205, may not exceed a sum equal to five percent (5%) of the equity thereof.

The aforesaid limit may be raised up to ten percent (10%) of the equity of the company provided that any of the following guaranties is given for at least an amount equal to the excess over such limit:

a) Mortgage;
b) Shares or bonds issued by a corporation which shares are listed in the stock exchange and an opinion concerning their quality and prestige has been issued by a specialized and well-known entity in the corresponding country.

By exception, the indicated limits of five percent (5%) and ten percent (10%) may be raised, as appropriate, up to the equivalent of thirty percent (30%) of the equity of the company, provided that any of the following guarantees covers at least an amount equivalent to the excess:

1. Cash deposits in the same company, particularly affected; and
2. Warranty, securities and other obligations owed by a bank in accordance with the Reciprocal Payment and Credit Agreement - ALADI, or granted by a top-rated foreign bank.

GRAL LAW. Arts. 95, 171, 172, 184, 185, 198, 203, 205, 216, 219, 221, 232, 1ª Tran. Disp., Glossary (Agreement on Payments and Mutual Credits).
C.C. Art. 1868.
L.M.V. Art. 86.
D.LEG. 299.
D.S. 559-84-EFC.

Article 212º.- SUBSTITUTION OF CREDIT COUNTERPART.

When a financing includes the subsidiary responsibility of the central governments, central banks, multilateral credit agencies, companies of the financial and insurance system and businesses of the country and overseas, as well as other companies determined by the Superintendency; effected in supportive bails, guarantees, caution policies, credit letters, stand credit letters by or other similar guarantees, or that includes extended credit insurance cover by an autonomous patrimony of insurance of credit; the counterpart risk corresponds to the guarantee supplier and the individual limit will be computed according to said supplier.

98 Amended by Law No. 27102 of 05/05/1999
99 Repealed by Act No. 28184 of 09/02/2004
100 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

GRAL LAW. Arts. 38, 185, 203 al 211, 221, 334.
C.C. Art. 1868.
L.de T.V. Arts. 59, 61, 62.
LAW 26827.

Article 213º.- GUARANTEE REGULATIONS.
For purposes of applying provisions of Articles 207º to 209º, the highest-ranked guaranties may replace those of a lower rank by the corresponding percentages.

GRAL LAW. Art. 171, 207, 208, 209.

Article 214º.-

Article 215º.- TEMPORARY LIMIT – TREATMENT GIVEN TO PROPERTY RECEIVED AS DEBT PAYMENT.
When as consequence of the payment of a previously contracted in good faith debt, full or part payment is received or awarded in movable or immovable property, this must be disposed within a period of one (1) year, which may be extended once by the Superintendency only and for a maximum term of six (6) months.

Once that period expired, without sale or leasing of the property involved had taken place, the company must make a provision for an amount equal to the book value of the unsold property.

GRAL LAW. Arts. 133, 200 (6), 219, 354 (1), 8ª Disp. F. and C.
C.C. Art. 1265.
C.P.C. Art. 744.

Article 216º.- LIST OF TOP-RATED BANKS.
For the purpose of applying the limits referred in this Title as well as all other pertinent provisions of the present law, the Central Bank shall prepare a list of top-rated foreign banks not taking into consideration the criteria applied for the investment of the reserves it manages, and taking as a reference the relevant specialist international publications.

GRAL LAW. Arts. 205 (3), 211 (2).

CHAPTER III
PROHIBITIONS

Article 217º.- PROHIBITED TRANSACTIONS AND ACTIVITIES.
Not withstanding any other prohibitions contained in this act, companies of the financial system shall be subject to the following prohibitions:
1. To grant credits using their own shares as a guaranty;
2. To grant credits to be directly or indirectly used for the purchase of the company's own shares;
3. To grant credits to finance political activities;

101 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

4. To grant guaranties or support in any way third-party responsibilities, by undetermined amounts or terms;
5. To guarantee loans contracted with third parties, unless any of the referred third parties is another company of the financial system, or a foreign bank or finance company;
6. To give in guaranty their fixed assets, unless encumbered to support financial lease transactions and mortgage bonds issued by real estate capitalization companies;
7. To accept any warranty, security or pledge furnished by their directors and personnel, in support of loans granted to persons having business limits with said directors or personnel;
8. To purchase shares of companies not forming part of the financial system and which, whether directly or indirectly, are shareholders of the same company, unless they are listed in the stock exchange;
9. To negotiate certificates of deposit referred in item 9 of Article 221 with their subsidiaries and assume commitments giving rise to the obligation to repurchase said certificates;
10. To secure deposits on behalf of financial institutions not authorized to operate within the country;
11. To use not disclosed information to the market concerning individuals or legal entities whether or not their clients, with the purpose of promoting business for the benefit of third parties, while provisions of the Securities Market Act is applicable.

GRAL LAW. Arts. 11, 87, 92, 95, 116, 220, 221 (3b, 6, 9), 238, 356, 361.
C.C. Art. 1648, 1868
L.G.S. Arts. 104, 106.
L.M.V. Arts. 12, 34, 40, 45, 46.
L.DE T.V. Arts. 59, 61, 62.

CHAPTER IV
SANCTIONS

Article 218°.- SANCTIONS BY BREACH OF THE ARRANGED IN ARTICLE 199°. 102
1. The company that breaks the limit established in the first paragraph of the article 199° should place every increment in the level of its obligations subject to the reserves that appear in the reports referred in article 165° in accounts in the Central Bank, in the respective currencies.

Said deposits should be maintained in the accounts of the Central Bank until the company do not register breach of the above-mentioned limit.

2. The company that breaks the arranged in article 199° should present in a not greater time limit of fifteen (15) days calendar of registered the breach, a plan of adaptation approved by the Board of Directors.

The mentioned plan must include, at least, identification of reasons that caused the breach and measures to adopt to increase equity or other actions, with details of terms of implementation. Additionally, the Superintendency can restrict operations or suspend authorization in order the company effect determined operations.

GRAL LAW. Arts. 87, 92 al 95, 104, 134 (3)161, 162, 163, 165, 184, al 198, 199, 356, 361, 24 Disp. Tran.

102 Article amended by D. Leg. 1028, published on 22.06.2008 and entered into force on 01-07-2009
Article 219º.- SANCTION FOR INFRACTION OF LIMITS.
Except for the provisions of the preceding article, an infraction of operational limits prescribed in the Law, shall cause companies to be subject during the first month or fraction of a month, to a fine for the excess, equivalent to one point five (1.5) times the average lending rate for the corresponding currency and market, deducting the average monthly deposit rate for the same term, currency and market.
From the second month and for as long as the infraction prevails, the fine shall be gradually increased by fifty percent (50%), month after month.


Article 220º.- SANCTION FOR PROHIBITED ACTIVITY.
Infraction of any of the prohibitions stipulated in Article 217º shall be sanctioned by a fine equivalent to 100% (one hundred percent) of the transaction's total amount. The same fine shall apply whenever the period established in Article 201 is exceeded, calculated on the basis of the excess. These sanctions shall be applied, notwithstanding any other sanctions which may be prescribed by the Superintendency.

GRAL LAW. Arts. 201, 217, 356, 361, 362.

TITLE III
OPERATIONS AND SERVICES

CHAPTER I
COMMON REGULATIONS

Article 221º.- OPERATIONS AND SERVICES.
The companies may carry out the following operations and services pursuant to the provisions of chapter I, title IV of this second section:
1. To receive on sight deposits;
2. To receive term and savings deposits as well as in custody;
3. a) To grant overdrafts or advances in current account;
   b) To grant direct credits, with or without collateral
4. To discount and to grant advances over bills of exchange, promissory notes and other debt instruments;
5. To grant mortgage and secured loans; and in relation to them, issue credit instruments, mortgage and pawned securities, both in domestic and foreign currency;
6. To grant securities, guaranties and other collateral, even in favor of other companies of the financial system;
7. To issue, notify, confirm and negotiate letters of credit, whether on sight or term, in agreement with the international practices and in general, to channel foreign trade operations;
8. To act jointly with other companies to grant credits and guaranties, under the responsibilities considered in the respective agreement;
9. To acquire and negotiate certificates of deposit issued by a company, mortgage instruments, warrants and bills of exchange originating from commercial transactions;

Paragraph amended by Law No. 27102 of 05/05/1999
Waiver of Responsibility

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10. To carry out factoring operations;
11. To carry out credit operations with domestic companies, as well as make deposits therein;
12. To carry out credit transactions with foreign banks and financial institutions, as well as make deposits in either of them;
13. To purchase, maintain and sell shares of banks or other overseas institutions that operate as financial intermediaries or in the securities market, or are auxiliaries of either, in order for their activities to be at an international level. In the case of the purchase of these shares, in a percentage of over 3 percent (3%) of the receiver’s net worth, prior authorization from the Superintendency is required;
14. To issue and place bonds in domestic or foreign currency, including regular, convertible, leasing and subordinate bonds of various types and currencies, and promissory notes, negotiable or nonnegotiable certificates of deposit and other instruments representing liabilities, provided they were issued by them;
15. To accept time bills, originated from commercial transactions;
16. To performe operations with commodities and with financial derived products, such as forwards, future, swaps, options, derived credit or other instruments or derived contracts, according to the norms that emit the Superintendency;  
17. To acquire, keep and sell instruments representing private debt and instruments representing capital for the negotiable portfolio that are subject matter of any centralized mechanism of negotiation in agreement with the regulations emitted by the Superintendency;
18. To acquire, keep and sell shares of companies which object is to provide supplementary or auxiliary services to companies and/or their subsidiaries;
19. To acquire, keep and sell, as participants, certificates of participation in mutual trust and investment funds;
20. To buy, keep and sell public debt instruments, both domestic and foreign, as well as bonds from the Central Bank;
21. To buy, keep and sell bonds and other securities issued by multilateral credit agencies of which the country is a member;
22. To buy, keep and sell debt instruments issued by the governments of the countries approved by the Superintendency;  
23. To operate in foreign currency;
24. To issue bank certificates in foreign currency and make foreign exchange operations;
25. To serve as a financial agent to place and invest foreign funds in Peru;
26. To execute portfolio purchase and sale contract;
27. To make structured financing operations and participate in title processes, according to the Securities Market Act Law;
28. To acquire real property, personal property and equipment;
29. To make collections, payments and fund transfers as well as issue drafts against their own offices or correspondent banks;
30. a) To issue cashier’s checks;

104 Numeral modified by D. Leg. No. 1028, published on 22.06.2008 and entered into force on 01-12-2008.
105 Numeral modified by D. Leg. No. 1028, published on 22.01.2008 and entered into force on 01-12-2008.
106 Numeral modified by D. Leg. No. 1028, published on 22.01.2008 and entered into force on 01-12-2008.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for
any legal purpose is Spanish as published in the Official Gazette.

b) To issue payment orders;
31. To issue travelers checks;
32. To accept and comply with the commissions of confidence detailed in Article 275;
33. To receive securities, documents and objects in custody, as well as rent safe deposit boxes;
34. To issue and manage credit and debit cards;
35. To execute leasing operations;
36. To promote foreign trade operations as well as render integral advisory on the matter;
37. To sign temporary first security issues with partial or total guarantees;
38. To provide financial advisory services without implying the management of money of customers or
their investment portfolios;
39. To act as trustees where trusts are involved;
40. To buy, keep and sell gold;
41. To grant pawned credits for jewels or other gold and silver objects;
42. To act as originators in the purchase and sale of securities through the transfer of real or personal
property, credit and/or money, having the power to establish companies with special purposes;
43. Any other operations and services, provided they meet the requirements set forth by the
Superintendency by means of the norms of general character, with the previous opinion of the
Central Bank. To this end, the company shall advise the Superintendency of the characteristics of the
new instrument, product or financial service. The Superintendency shall issue its decision to that
respect, within thirty (30) days counted as from the date of presentation of the company’s request.

GRAL LAW.  Arts. 8, 9, 11, 12, 16, 18, 217 to 220, 223, 224, 283 to 289, 345, 355, 356, 361, 5ª F. y
C. Disp, 1ª Tran. Disp.
I.G.V.  Art. 5, Appendix II.

Numeral 1:
GRAL LAW.  Arts. 130, 131, 224, 225 al 228
L. DE T.V.  Arts. 134, 145, 146.

Numeral 2:
GRAL LAW.  Arts. 130, 131, 144, 181, 224, 229, 230.

Numeral 3:
GRAL LAW.  Arts. 171, 172, 201 to 209, 211, 221 (5), 222, 224, 225.
L. DE T.V.  Art. 135.
C. DE C.  Art. 579.

Numeral 4:
GRAL LAW.  Arts. 168, 169, 224
L. DE T.V.  Arts. 61, 69, 129, 133.

Numeral 5:
GRAL LAW.  Arts. 171, 172, 201, to 209, 211, 221 (3b), 224, 235, 236, 238.
C.C.  Art. 1097.
L.G.M.  2ª D. F.

Numeral 6:

107 Numeral repealed by Legislative Decree, 1028, published on 22.06.2008 and entered into force on 01-12-
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

GRAL LAW. Arts. 204, 205, 206, 217 (4, 5), 224.
C.C. Art. 1868.
L. DE T.V. Art. 85.

Numeral 7:
GRAL LAW. Arts. 205 (4), 221 (36).
C. DE C. Arts. 557, 558, 559.

Numeral 8:
GRAL LAW. Arts. 206 to 211, 221 (3b).

Numeral 9:
GRAL LAW. Arts. 168, 204, 217 (9), 221 (14), 235.
L. DE T.V. Arts. 33, 34, 37, 38, 39.

Numeral 10:
GRAL LAW. Arts. 200 (1), 237, 282 (8).

Numeral 11:
GRAL LAW. Arts. 191, 204.

Numeral 13:
GRAL LAW. Arts. 5, Glossary (financial intermediation).

Numeral 14:
GRAL LAW. Arts. 221 (9), 232, 233, 234, 18ª F. Disp. and C., 2ª Tran. Disp.
L. DE T.V. Arts. 129, 133.
L.M.V. Arts. 17, 49, 86, 88, 89, 95, 98, 100, 18ª Final. Disp.

Numeral 15:
GRAL LAW. Art. 217 (4, 5).
L. DE T.V. Arts. 63, 71, 72, 73.

Numeral 16:
GRAL LAW. Arts. 186, 283

Numeral 17:
GRAL LAW. Arts. 200 (4), 234.
L.M.V. Arts. 17, 18, 49, 122, 18ª Disp. Final.
I.R. Arts. 19 (1, 3).

Numeral 18:
GRAL LAW. Arts. 17, 18, 36.

Numeral 19:
GRAL LAW. Arts. 200 (4), 224 (4).
L.M.V. Arts. 238, 239, 246, 249.
I.R. Art. 19 (1).
D.LEG. 862. Arts. 1, 2, 5.

Numeral 20:
I.G.V. Art. 2 (I).

Numeral 21:
GRAL LAW. Arts. 200 (5).

Numeral 22:
GRAL LAW. Arts. 349 (8).

Numeral 23:
GRAL LAW. Arts. 8, 178.
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Numeral 24:
GRAL LAW. Arts. 349 (8).

Numeral 25:
GRAL LAW. Arts. 224 (3).

Numeral 26:
GRAL LAW. Arts. 121, 222.
C.C. Arts. 1206, 1207, 1211, 1212, 1213, 1215.

Numeral 27:
GRAL LAW. Arts. 224 (6) 18ª F. and C. Disp.
L.M.V. Arts. 291, 293, 294, 295, 296, 301, 302, 308, 313, 324, 325.
I.R. Art. 19 (i, l 4).

Numeral 28:
GRAL LAW. Arts. 200 (6), 217 (6), 354 (3), 355 (4).

Numeral 29:
GRAL LAW. Arts. 17 (5), 18, 193, 275 (14).

Numeral 30:
GRAL LAW. Arts. 225.

Numeral 31:
GRAL LAW. Arts. 225.
L. de T.V. Arts. 158, 159, 160.

Numeral 32:
GRAL LAW. Arts. 275, 276.

Numeral 33:
GRAL LAW. Arts. 17 (2), 18.

Numeral 34:
GRAL LAW. Arts. 221 (3b), 230.
I.G.V. Art. 18.

Numeral 35:
GRAL LAW. Arts. 16 (B2), 18, 200 (7), 210, 282 (7).
D.L. 299.
D.S. 559-84-EFC.

Numeral 36:
GRAL LAW. Art. 221 (7).

Numeral 37:
L.M.V. Art. 53.

Numeral 39:
GRAL LAW. Arts. 158 (2), 223 (6), 224 (6), 241, 242, 246, 251, 252, 256, 257, 261.

Numeral 40:
GRAL LAW. Arts. 200 (2).
L.O.B.C.R. Arts. 66, 72.

Numeral 41:
GRAL LAW. Arts. 221 (5).

Numeral 42:
GRAL LAW. Arts. 186, 200 (3), 221 (16), 223 (2), 283.

Numeral 43:
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

GRAL LAW. Arts. 349 (8), 18ª F. and C. Disp.
L.M.V. Arts. 291, 293, 294, 295, 296, 301, 302, 308, 313, 324, 325.
Numeral 44:
GRAL LAW. Arts. 349 (8, 16), 359, 1a. F. and C. Disp., 20ª F. and C. Disp.
L.O.B.C.R. Arts. 24 (i, j), 97.

Article 222°.- EVALUATION OF THE OPERATIONS THAT MAKE UP THE CREDIT PORTFOLIO

Regarding the operations that make up the credit portfolio, the cash flows of the debtor, incomes and capacity to service its debt, financial situation, net worth, future projects and other relevant factors to determine the capacity to serve and pay its debt, shall be taken into account for purposes of evaluation thereof. The basic criteria is the payment capacity of the debtor. Guaranties are of subsidiary nature.

GRAL LAW. Arts. 132 (4), 133, 136, 221 (3b, 5, 26).

Article 223°.- EXECUTABLE OPERATIONS THROUGH SEPARATE DEPARTMENTS, 108

To act as fiduciary in trusts, in agreement with item 39 of Article 221°, the companies should constitute a separated department, clearly differentiated. This operation will be carried in accounting registrations clearly differentiated, according to the regulations dictated by the Superintendency.

GRAL LAW. Art. 221 (39).

Article 224°.- EXECUTABLE OPERATIONS THROUGH SUBSIDIARIES.

In order for companies of the financial system to execute the following operations, they must constitute subsidiaries:

1. To establish real property capitalization companies;
2. To operate as general deposit warehouses;
3. To act as stock exchange brokerage companies, subject to the Securities Market Act;
4. To establish and administer mutual fund and investment fund programs, subject to the Securities Market Act;
5. To operate as Custodian, Transport and Cash and Securities Administration Companies, provided they have and authorization therefore issued by the Superintendency and Ministry of Internal Affairs; and
6. To act as trustees in securitization trusts, being subject to the provisions of the Securities Market Act.

A single subsidiary may not develop more than one of the operations or activities set forth in items 1 to 6 above.

They may also constitute subsidiaries to execute the other operations indicated in Article 221, as well as to constitute as subsidiaries to the Mortgage Administrative Companies, according to the established in the law that governs to these last. 109

GRAL LAW. Arts. 16 (B), 17 (1, 2), 18, 34, 35, 36, 221, 282 (10), 2ª F. and C. Disp. 3ª F. and C. Disp.
D.LEG. 862.

CHAPTER II

108 Article amended by D. Leg. No. 1028, published on 22.06.2008 and entered into force on 01-12-2008.
Waiver of Responsibility
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CONTRACTS AND INSTRUMENTS

SUB-CHAPTER I
GENERAL PROVISIONS

Article 225º.- CURRENT ACCOUNT.¹¹⁰

The current account regulated by this law consists of a contract according to that a company undertakes to comply with the payment orders of its client up to the amount of money that it deposited in it or the credit stipulated, the latter being applicable in the case of companies authorized to grant overdrafts in agreement with Articles 283 ⁰ and 289 ⁰.

GRAL LAW. Arts. 221 (1, 3b), 226, 227, 228, 283
C. DE C. Arts. 563, 564, 567.
L. DE T.V. Arts. 135, 145.
C.C. Art. 1351.

Article 226º.- EFFECTS OF THE CURRENT ACCOUNT.

There is novation in all credits of one against the other, of any nature and date, if the credit is attributed to a current account; unless the creditor or debtor agree to the express reservation of their rights. All credits or debits within the current account, produces compensation.

The precautionary measures provided with respect to the current accounts shall only have effect over the resulting balance after the company applies the corresponding charges for past due debts maintained with the titleholder of the account to the date of notification of said measures and provided it is not subject to any encumbrance whatsoever.

The existence of the current account contract shall be evidenced by any means of proof allowed by law, except for testimonial affidavit.

The delivery of a check book to the client is not consubstantial to the current account. The disposition of available resources in current account may be effected by means of the execution of an autonomous agreement of a check or by means of other agreements.

The companies shall periodically advise their clients of their statements of account, all of which shall be considered accepted if no observations thereto are filed within thirty (30) days following reception thereof.

GRAL LAW. Arts. 221 (1), 225, 227, 228.
C.C. Arts. 143, 144, 1277, 1278, 1288, 1290, 1352, 1353, 1411, 1412.
C.P.C. Arts. 192 (2), 612.
C. DE C. Arts. 567, 571, 575, 578.

Article 227º.- ASSUMPTION OF THE SPOUSE'S CONSENT.

In terms of the establishment of current accounts by individuals and in the operations effected with the same, the consent of the spouse of the titleholder of the account is assumed by law.

GRAL LAW. Arts. 221 (1), 225, 226.
C.C. Arts. 302, 310, 313, 314, 315.

Article 228º.- CLOSING OF A CURRENT ACCOUNT.

¹¹⁰ Article amended by D. Leg. No. 1028, published on 22.06.2008 and entered into force on 01-12-2008,
**Waiver of Responsibility**

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

The current account is closed by initiative of the company or client. The company may reject the request to close an account submitted by the client in case said account has a debit balance or the client has liabilities pending payment with it.

Unless otherwise agreed to, the company may compensate the balances of the different accounts that the client maintains with it, even in the case of closing a current account.

The companies shall close the current accounts of those that register rejection of checks due to lack of funds, in agreement with the terms set forth by the Superintendency. This agency shall sanction those not complying with this obligation. The list of current accounts closed for this reason shall be published monthly by the Superintendency in the Official Newspaper “El Peruano”.

The companies shall notify the Superintendency of the closing of current accounts carried out due to lack of funds in order for the latter to provide for the immediate closing of all the other current accounts that the sanctioned party maintains in the rest of the financial system.

The company may, at any given moment, submit a notification to the client, advising it of the existence of debit balances in its account and requesting payment thereof. After fifteen (15) business days have elapsed from the date of reception of the notification without any observations thereto having been filed, the company is empowered to draw a sight bill for the balance plus interests accrued in said period against the client, duly expressing the reason for which it is issued. The protest for lack of payment of said bill of exchange, wherein the acceptance of the drawee is not required, shall result in an executive suit.

**GRAL LAW.**  Arts. 221 (1), 225, 226, 356 (1), 361.

**C.C.**  Arts. 1288, 1290.

**C.P.C.**  Arts. 688

**C.P.**  Art. 215.

**C. DE C.**  Arts. 576, 577.

**L. DE T.V.**  Art. 145.

**Article 229º.** - **SAVINGS DEPOSITS.**

The Savings Deposits have the following characteristics:

1. They may be constituted by individuals or corporations, even those who are illiterate and legally incompetent. The deposits constituted by minors shall be regulated by the provisions of the Code of Children and Adolescents.

2. They appear in the cards or other documents wherein the dates and amounts of deposits and withdrawals as well as the interests paid are registered for the agreed period.

3. They are not transferable.

4. Withdrawals proceed at the only requirement of the titleholder, its legal representative or attorney in fact, unless a term or limit of cash has been agreed to in a given period.

**CONST.**  Art. 87.

**GRAL LAW.**  Arts. 9, 130, 131, 132, 134, 140, 151 (1), 152, 153, 181, 182, 221 (2).

**C.C.**  Arts. 43, 44, 45, 451, 452.

**I.R.**  Art. 19 (i).

**Article 230º.** - **COVERAGE OR CONTINGENCY FUNDS SYSTEM.**

The companies that offer coverage or contingency fund systems in favor of its depositors, titleholders of debit cards, credit cards or other services, are obligated to maintain in their registries the declarations of the clients that use said system, with the names of the beneficiaries of said coverage and their updated addresses.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

On being advised of the event subject to indemnization, the corresponding amount is deposited in a savings account opened to the name of and at the disposal of the beneficiaries, in agreement with the procedures set forth by the Superintendency.

GRAL LAW. Arts. 132, 134, 221 (2, 34), 229, 349 (8, 9).

Article 231º.-

Article 232º.- ISSUE OF FINANCIAL INSTRUMENTS.
The serial issue of financial instruments to secure savings from the public must be agreed to by the management organ of the respective company, except in case of convertible and subordinate bonds, the issue of which must be agreed to by the General Shareholders Meeting, this power being able to be assigned to the Board of Directors.

In terms of the issue of such instruments, the favorable opinion of the Superintendency shall be required. Moreover, in cases in which they have the conditions of securities that are issued under public offer, CONASEV shall register them in the Public Register of the Securities Market, after the due presentation of the resolution issued by the Superintendency, and the documentation specified in article 18 of the Securities Market Act.

The instruments issued in series or individually may be placed under their pair value.

In terms of the issue of financial instruments, including bonds, the constitution of specific guaranties is not required.

GRAL LAW. Arts. 74, 75, 221 (14), 233, 234, 282 (8), 2ª F. y C. Disp., 18ª F. and C. Disp., 2ª Tran. Disp.
L.M.V. Arts. 3, 13, 17, 18, 49, 86, 88, 89, 90, 95, 98, 100, 122, 18ª Final. Disp.
D.S. 532-85-EF.

Article 233º.- SUBORDINATED DEBT AND OTHER INSTRUMENTS FOR EQUITY. 112
1. All kind of subordinate debt should have the following general characteristics so that be computable as part of the capital of level 2 or of level 3:
   a) Can not be guaranteed.
   b) Not applicable payment before expiration, and his rescue by contest, without prior authorization from the Superintendency.
   c) Will be valued to the total of its placement or granting and said total should be completely canceled.
   d) The main and the interests remain subjects, in its case, to its application to absorb the losses of the company that remain after applying integrally the accounting capital to this object.

2. The instruments with characteristics of capital and debt, just as the not redeemable subordinate debt and the subordinate debt convertible in shares will be eligible like part of the capital of level 2 provided that they comply with the following characteristics and requisites:
   a) The main and the interests can absorb losses without requiring that the company stops operating or is in liquidation.
   b) In case to exist obligation to recognize interests, this recognition can be postponed when the profit value of the company does not permit said recognition.

For effects of the computation of the equity, the perpetual preferred stocks with right to cumulative dividend will be treated like subordinate debt with characteristics of capital and debt.

111 Article repealed by the Sixth dispocion End of Law No. 28677 published on 03/01/2006.
112 Article amended by D. Leg. No. 1028, published on 22.06.2008 and entered into force on 01-07-2009
3. The redeemable subordinate debt will be eligible like part of the capital of level 2 provided that complying with the following characteristics and requisites:
   a) The minimum original expiration period shall be greater than five (5) years
   b) During the five (5) prior years to its expiration, will apply proportionally a factor of annual discount of twenty percent (20%) on the nominal total of the subordinate debt.

   For effects of the computation to the effective equity, the redeemable preferred stocks will be treated like the above-mentioned redeemable subordinate debt referred previously.

4. Likewise, the Superintendency will be able to authorize the companies the granting or the emission of eligible redeemable subordinate debt as capital of level 3. This debt should comply with the following characteristics and requisite:
   a) Will have a minimum original expiration of two (2) years.
   b) Will be subject to a special condition according to which the payment of the main will not proceed neither the recognition of the interest, even to its expiration, if it implied the breach of the arranged global limit considered in the first paragraph of the article 199°.
   c) During the two (2) prior years to its expiration, will apply proportionally a factor of annual discount of fifty percent (50%) on the nominal total of the subordinate debt.
   d) The complementary requirements that are established for the Superintendency.

   The Superintendency will determine the specific requirements that should comply the instruments before cited and will authorize its computation to the effective equity. Likewise, it will establish the additional requirements that should comply the above-mentioned instruments to qualify as components of the basic capital, according to the established in numeral 3 of the literal A of the article 184°.

GRAL LAW.     Arts. 60, 65, 66, 184, 185, 221 (14), 232, 2ª y 25ª Disp. Tran., Glossary (Accounting effective, equity).
L.M.V.         Arts. 2, 17, 18, 49, 86, 88, 89, 90, 95, 122, 18ª Final Disp.

Article 234°.- REPRESENTATIVE DEBT INSTRUMENTS.

The companies of the financial system will be able to emit the financial instruments referred in the Law of the Stock Market, and those that the Superintendency authorize through general character regulations.

GRAL LAW.     Arts. 221 (14), 232, 282 (8), 349 (8, 9).
L.M.V.         Arts. 3, 17, 18, 49, 98, 100, 122.

Article 235°.- MORTGAGE INSTRUMENTS.

The companies of the financial system may issue mortgage instruments pursuant to the norms issued by the Superintendency.

Such instruments will have the following general characteristics:

1. They proceed from a mortgage contract;
2. They must be guaranteed with first mortgage;
3. The mortgages constituted over the real property financed with the issue of mortgage instruments shall be included in a separate register of the company of the financial system and do not guarantee the other obligations of the owner of the real property or maker of the mortgage in favor of the latter;
4. The set of mortgage liens referred to in the preceding paragraph back, by law, the set of mortgage instruments issued by the company of the financial system, without the need of a public deed to grant said liens in favor of such instruments.
5. When a mortgage debtor prepays its debt, the issuing company may place new loans of equal characteristics to the prepaid one, or redeem the financial instruments that back the prepaid debt; and
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

6. In case of intervention caused to suspension of the payment of liabilities or due to the liquidation of the issuing company, the liabilities supported by the mortgage instruments, as well as the corresponding placements and mortgage collateral shall be transferred to another company of the financial system, previous authorization given by the Superintendency, being excluded from the remaining assets.

7. For the effects of the stated in the preceding numeral, the loans granted to the companies of the financial system by the Fondo MIVIVIENDA in order to place mortgage loans, shall receive the same treatment as the mortgage instruments. In this case, only the prior qualification of the Superintendency will be required to be excluded from the remaining assets.

GRAL LAW. Arts. 103, 118, 121, 171, 172, 176, 221 (5), 236, 238, 349 (8, 9).

Article 236º.- MORTGAGE BILLS OF EXCHANGE.
The companies of the financial system may issue mortgage bills of exchange in agreement with the norms issued by the Superintendency.
Said instruments shall have the following general characteristics:
1. They come from a mortgage credit.
2. They are issued by a company of the financial system that has the condition of main obligee and is the sole party responsible for payment.
3. They may be issued in domestic or foreign currency.
4. They may only be issued for a value that is lower or equal to the amount of the mortgage liabilities assumed with the issuing company.
5. They must be guarantied with a first mortgage, which may not respond for other liabilities in favor of the company, and must be expressly authorized in the deed of incorporation.
6. They may be amortized by the issuing company, directly or through purchase, redemption or draw at the pair rate.
7. In case of intervention due to the suspension of payments and obligations or the liquidation of the issuing company, the mortgage bills shall be transferred jointly with the corresponding credits and their respective mortgage collateral to another company of the financial system which the Superintendency has authorized to operate with the mortgage bill system, such assets and liabilities being excluded from the remaining assets.

GRAL LAW. Arts. 103, 118, 121, 171, 172, 176, 221 (5), 235, 238, 349 (8, 9).
C.C. Arts. 1097, 1098.
L. DE T.V. Arts. 269, 270.
I.R. Art. 19 (II).

Article 237º.-

Article 238º.- MORTGAGE CERTIFICATE.

113 ITEM incorporated by Law No. 27964 of 17/05/2003
114 Subparagraph repealed by Act No. 27287 of 17.06.2000
115 Subparagraph repealed by Act No. 27287 of 17.06.2000
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

Mortgage certificates are instruments representing long term mortgage debts, not redeemable in advance, issued by companies authorized by this law and that are backed by the mortgage of the set of real property that are subject to the mortgage regime linked to such certificates.

By nature, they may not be redeemed in advance and are subject matter of secondary market transactions.

GRAL LAW.     Arts. 171, 172, 176, 221 (5), 235, 236, 295.
C.C.             Arts. 1097, 1098, 1109, 1112, 2016, 2022.
L.M.V.           Art. 64.
L. DE T.V.       Arts. 271, 272.
I.R.             Art. 19 (i).

Article 239º

Article 240º. - AUTOMATIC DEBT READJUSTMENT.

The power set forth in article 1235 º of the Civil Code may be practiced with respect to the liabilities of companies contracted for a term of at least ninety (90) days. The daily readjustment index is elaborated by the Central Bank subject to the Consumer Price Index for Metropolitan Lima determined by the National Institute of Statistics and Informatics in the preceding month and timely published in the Official Newspaper.

In the cases in which the parties abide by the provisions hereof, the contracts, securities, and other documents, shall bear the expression “Constant Acquisitive Value” or the acronym “VAC”, immediately after the corresponding figure.

C.C.             Art. 1235.
C.B.O.L.         Art. 24 (g).

SUB–CHAPTER II
TRUST

Article 241º.- CONCEPT OF TRUST.

A trust is a juridical relationship by means of which the trustor transfers property under trust to another person, called the trustee, for the constitution of a trust asset, subject to the possession in trust of the latter, and having the purpose of complying with a specific objective in favor of the trustor or third party referred as trust beneficiary.

The trust asset is different from the assets of the fiduciary or trustor or trust beneficiary, and, as applicable of the recipient of any remaining assets.

The assets that make up the autonomous trust property do not generate charges on the effective equity corresponding to the trust assets, except in cases where, through a jurisdictional resolution, a liability is assigned due to bad management, and for the amount of the corresponding damages and losses.

The liquid part of the funds which make up the trust is not subject to the requirements of legal reserves.

The Superintendency provides for the general norms as to the different types of trust transactions.

GRAL LAW.     Arts. 161, 184, 185, 221 (39), 242 al 274, 349 (8).
C.C.             Arts. 1457, 1458, 1460, 1461.

116 Article repealed by Act No. 27287 of 17.06.2000
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

**Article 242º.- COMPANIES AUTHORIZED TO ACT AS TRUSTEES.**

The companies authorized to act as trustees are COFIDE, the companies of multiple operations referred to in point A of article 16 and the companies of trust services set forth in point b-5 of the above-mentioned article, as well as the companies of item 1 of article 318, and finally companies or institutions supervised by the Superintendency, in charge of guarantee, support, promote and advise direct or indirectly to Micro and Small Companies (MYPE) of any economic sector.

In case of fraud or gross negligence, the Superintendency may order the removal of the trust company and appoint its replacement, should the trustor not do so within the period established.

In order to perform the duties of trustee in the securitization trusts referred to in the Securities Market Act, companies in the financial system must organize securitization companies.

**Article 243º.- EFFECT OF THE FOUNDING ACT.**

For the effect of the founding act of any such trust, the trustor must have the power to dispose of the property and rights transferred without prejudice of the requirements set forth by the law for such juridical act.

**Article 244º.- RIGHTS OF HEIR APPARENT DAMAGED BY THE TRUST.**

The heirs apparent of the trustor may require the return of the trust assets by the person responsible under gratuitous trust title, to the extent in which their legitimate rights have been violated. The trust company has the power of choosing, among the trust assets, those that would have to be returned.

Notwithstanding, the trustor may entrust any property involving the legitimate rights of any of his or her minor or incompetent heirs, in their own benefit, and while said condition of minor or incompetent heirs subsists.

Prodigality is qualified by the originater of the trust itself. In this case, the trust shall lasts up to five (5) years after the death of the originater, unless the alleged prodigal evidences before the specialized judge that he/she is capable of administering his/her property.

The trust company, in any case, must attend to the maintenance of the minor or incompetent heir, on account of the income resulting from the trust.

**Article 245º.- ACTION TO ANNUL THE TRUSTEE TRANSFER.**

The action to annul the trustee transfer effected to swindle the creditors expires after six (6) months of the publication of an ad that notifies said transfer in the Official Gazette during three (3) consecutive days. In any case, this expiration shall take place two (2) months from the date in which the creditor has been personally notified of the constitution of the trust.
Waiver of Responsibility
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Article 246º. - FORMALITY.
The founding of the trust is effected and perfected by a contract entered into by and between the trustor and trust company, formalized by means of a private instrument or public deed.

When the contract involves the trust transfer of property, it must be registered at the Credit Bureau of the Superintendency, as considered convenient by the trustor.

The unilateral will of the trustor as expressed in his/her will shall also be relevant.

In order to block the trust for third parties, it is required that the transfer to the trust of the goods and rights registered be entered in the corresponding public deed and that the other kind of goods and rights be perfected with tradition, endorsement or other requirement provided for by the law.

In the case of guaranty trusts, registration thereof in the respective register grants the same order of priority applicable based on the date of its registration.

GRAL LAW. Arts. 158, 221 (39), 241, 242, 243, 245, 247, 250, 274.
L. DE T.V. Arts. 26, 27, 33.
L.G.M Art. 1, 25, 32 (3.b).

Article 247º.- TESTAMENTARY TRUST DOES NOT REQUIRE ACCEPTANCE.
For the testamentary trust to be valid, the acceptance of the trust company appointed or trust beneficiaries is not required. If such trust company or trustee reject the appointment, it must propose a replacement, and should no other company accept such commission, the trust shall be annulled.

The trusts referred to in this article are considered constituted since the initiation of the probate proceedings.

GRAL LAW. Arts. 241, 242, 243, 246, 252, 269.
C.C. Arts. 660, 686, 689, 690, 691, 695.

Article 248º.- EFFECT OF TRUSTS IN FAVOR OF INDETERMINATE PERSONS.
It is valid the trust established in favor of indeterminate persons meeting meet certain conditions or requirements, or of the general public, provided the qualities required for enjoyment of the trust benefits or rules to grant them appear in the document of constitution.

Trusts in benefit of the trustor itself are valid.

GRAL LAW. Arts. 241, 243, 245, 246, 252, 263.

Article 249º.- TRUST IN FAVOR OF SEVERAL PERSONS.
The trust may be created for the benefit of several persons who must be successively replaced due to the death of the previous person or due to any other even, provided the replacement takes place in favor of persons who exists when the right of the first appointee is confirmed.

GRAL LAW. Arts. 241, 246, 247, 256, 263, 265, 269.
C.C. Art. 740.

Article 250º.- TRUSTEE INTERVENING IN THE CONTRACT.
Should the trust beneficiary be a party to the contract, he/she shall be titleholder of the rights established therein in his/her favor, all of which may not be altered without his/her consent.

In all other cases the trustor and the trust company may agree to the amendments deemed appropriate, including the termination of the trust, except this infringes the rights acquired by third parties.

The trustor may also revoke the trust contract constituted under gratuitous title, except as provided by the first paragraph and, also, if such right had been waived. Should this power be created, he/she shall pay the trust company the penalty agreed to, or, otherwise, that established by the respective specialized judge or arbitration court.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

In order to amend or revoke a trust contract, the assignees of the trustor shall, in any case, have the unanimous consent of the trust beneficiaries, or in the case of indeterminate assignees, they shall have the approval from the Superintendent.

GRAL LAW. Arts. 241, 246, 261, 269.
C.C. Arts. 1321, 1341, 1351, 1361, 1371, 1463, 1464, 1467.

Article 251º.- MAXIMUM TERM.
The maximum term of a trust is thirty (30) years, with the following exceptions:

1. Regarding life trusts in benefit of specific trust beneficiaries that are born or conceived at the time of constituting the trust, the term shall be extended to the date of the death of the final trustee.
2. Regarding cultural trusts, which objective is the establishment of museums, libraries, archaeological, historical or artistic research institutes, the term can be indefinite and the trust shall subsist for as long as it is feasible to comply with the purpose for which it was constituted.
3. Regarding philanthropic trusts, which objective is the alleviation of the situation of those that are mentally challenged, orphans, abandoned elderly people, and needy people, the term can also be indefinite and the trust shall subsist for as long as it is feasible to comply with the purpose or which it was constituted.

In the cases in which the trust period must necessarily be extended further than the maximum legal limit in order not to be detrimental to the interests of third parties, the Superintendency may authorize its validity for the term that is strictly necessary for the achievement of its goals.

GRAL LAW. Arts. 241, 246, 249, 256, 268, 269, 270.
C.C. Arts. 183, 184.

Article 252º.- POWERS OF THE TRUSTEE OVER THE GOODS RECEIVED.
The trustee has domain over the trust assets, and this gives him / her full powers including those of management, use, disposal and repossession over the property constituting the trust assets, all of which are practiced pursuant to the purposes for which the trust was created, in agreement with the limitations set forth in the constituting instrument.

Depending on the nature of the trust, the trustor and his or her assignees are the titleholders of a personal credit right against the trust assets.

The trust company may only dispose of the entrusted property in agreement with the stipulations contained in the constituting instrument. Any acts of disposal effected that contravene the agreement may be annulled if the acquirer did not act in good faith, except in case the transfer was effected through any stock exchange. The proceeding may be filed by any of the trustees, trustor, and trust company itself.

GRAL LAW. Arts. 241, 242, 243, 250, 251, 256 to 259, 261, 263.
C.C. Art. 221.
L.M.V. Art. 115.

Article 253º.- EQUITY IN TRUST
The trust assets are not liable for the obligations of the trustor or of his / her assignees and, in the case of the obligations of trustees, such liability is only payable through the proceeds or payments at their disposal, as applicable.

In the event that the trust company does not object to the measures affecting the trust assets, the trustor or any trust beneficiaries may do so. Both are empowered to cooperate in the defense, should the trust company have filed an objection.

The trust company may assign to the trust beneficiary or trustor any necessary powers for them to practice protective measures regarding the trust assets, without being released from liability.
**Waiver of Responsibility**
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

**GRAL LAW.**  Arts. 241, 252, 254, 256, 273.

**C.P.C.**  Arts. 97, 101.

**Article 254º.- LIABILITY OF PROPERTY CONSTITUTING TRUST ASSETS.**
The property constituting trust assets is subject to the payment of obligations and liabilities undertaken by the trust company in the practice of trust domain in terms of the acts it carries out to achieve the purposes for which the trust was created and, in general, in accordance with the constituting instrument.

Except as otherwise provided for, the property constituting the trust assets of the trust company, the trustor, trust beneficiary and recipient of the remainder, are not liable for such payment.


**Article 255º.- LIQUIDATION OF TRUST COMPANY.**
In the event of the liquidation of the trust company, those who hold a legitimate interest shall have the right to identify and redeem any existing property and rights which belong to the trust assets, at any stage of the process inasmuch as it does not form part of the remaining assets.

For the value of the property, liquid resources and rights lost or not identifiable of the trust, the trustor shall hold over such remaining assets, for up to the amount of the responsibility of the trust company, a credit supported by a general first order of priority.

**GRAL LAW.**  Arts. 116, 117, 118, 122, 253, 254, 269 (2), 270.

**C.C.**  Arts. 923, 927.

**Article 256º.- OBLIGATIONS OF THE TRUST COMPANY.**
The following are the obligations of the trust company:

1. To look after and administer the property and rights constituting the trust assets, with the diligence and dedication of an orderly trader and loyal administrator;
2. To defend the trust assets, protecting it from physical damage and judicial actions or extrajudicial acts that could affect or reduce its integrity;
3. To protect with insurance policies the risks run by the trust assets in agreement with the provisions of the constituting instrument;
4. To comply with the duties of the objective of the trust, effecting therefor any acts, contracts, operations, investments or businesses required with the same diligence that the trust company itself applies to its own affairs;
5. To keep an inventory and accounts for each trust, pursuant to law and comply with the substantive and formal tax obligations of the trust assets, so much the substantives as the formal;
6. To prepare balance sheets and financial statements for each trust, at least every six months, as well as an annual report, and place such documents at the disposal of trustors and trust beneficiaries, without prejudice of their presentation to the Superintendency;
7. Maintain reserve with respect to any operations, acts, contracts, documents and information related to trusts, within the scopes provided for by this Law in terms of the bank secret;
8. Notify trustees of the existence of properties and services available to them, within a term of ten days of availability of such benefit;
9. Return to the trustor or its assignees, at the end of the trust, the remainder of the trust assets, unless, once the objective of the trust transfer has been accomplished, delivery thereof corresponds to the trust beneficiaries or other persons.
10. Transfer to the new trust company, in cases of subrogation, the resources, property and rights of the trust; and
11. Render accounts to the trustors and the Superintendency on termination of the trust or their intervention therein.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.


C.T. Arts. 172, 178.


Article 257º.- PROHIBITIONS FOR THE TRUST COMPANY.
The trust company is prohibited from securing, being surety of or guaranteeing in any way whatsoever to the trustor or trust beneficiaries the results of the trust or any operations, acts and contracts entered into with regard to the trust assets.

All agreements to the contrary shall be considered null, the same being the case for any guarantees and undertakings agreed to that contravene the provisions of this article.

GRAL LAW. Arts. 241, 242, 252, 253, 254, 256, 259.

C.C. Art. 219.

Article 258º.- PROHIBITION OF CARRYING OUT OPERATIONS FOR THE BENEFIT OF CERTAIN PERSONS.
The trust company is prohibited from entering into operations, acts and contracts with the funds and property of trusts, for the benefit of:

1. The company itself
2. Its directors and workers and, in due case, the members of the committee in charge of the trust.
3. The trust factor or factors.
4. Workers in its trust department and contracted persons for the trust involved.
5. Its external auditors, including professional members of the firm and any professionals participating in the auditing of the company itself.

The prohibitions referred to in this article include the spouses and relatives of the persons indicated and the corporations in which spouses and relatives in conjunction personally hold a participation exceeding fifty percent.

Any operations carried out which contravene the prohibitions set forth above shall be null and void.


C.C. Art. 166.

Article 259º.- NON-COMPLIANCE WITH OBLIGATIONS DUE TO FRAUD OR GROSS NEGLIGENCE.
Any trust company that does not comply with its obligations due to fraud or gross negligence, shall return to the trust asset the value of any loss, plus an indemnity for the damage and loss caused, without prejudice of the liabilities applicable in agreement with the law.

Should the original instrument establishing the trust provide for the existence of a committee, board or other governing body, the provisions thereof do not amend the objective of the trust.


C.C. Arts. 1318, 1319, 1321.

Article 260º.- ISSUE OF BEARER SECURITIES
The issue of bearer securities backed by a trust asset is subject to the provisions of the Securities Market Act.

GRAL LAW. Arts. 241, 242, 252, 253.

L.M.V. Arts. 3, 49, 80, 81, 122, 314, 315.
**Waiver of Responsibility**

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

**Article 261°.** - **RIGHTS OF THE TRUST COMPANY.**

The following are the rights of the trust company:

1. To charge compensation for its services in accordance with the provisions of the constituting instrument or otherwise, a compensation not exceeding one percent (1%) of the market value of the trust assets; and
2. Take compensation from the resources of the trust for any expenses incurred in the administration of the trust asset in order to comply with its objective.

**GRAL LAW.** Arts. 241, 242, 252, 253, 256.

**C.C.** Arts. 1755, 1759, 1764, 1767.

**Article 262°.** - **OBLIGATION OF THE TRUSTOR.**

It is an obligation of the trustor or its assignees to include in the trust assets, the property and rights set forth in the constituting instrument at the time and place stipulated.

**GRAL LAW.** Arts. 241, 243, 246, 250, 252, 253, 254, 265 (5), 266, 269 (5).

**Article 263°.** - **TRUSTEES RIGHT TO DEMAND THE BENEFITS GENERATED.**

Trust beneficiaries are entitled to demand of the trust company the benefits generated by the trust assets or the capital itself, as stipulated in the original instrument and as appears in the certificate of participation. Such action may be practiced by any of the interested parties, for the part of the benefits corresponding to him / her in the benefits and in agreement with the common interest.

In the case of the first paragraph of Article 259, they may also require the trustor to include in the trust assets the property offered by it.

**GRAL LAW.** Arts. 241, 243, 250, 252, 256, 262, 267.

**C.C.** Arts. 1458, 1461, 1462, 1469.

**Article 264°.** - **ASSIGNMENT OF RIGHTS.**

The trust beneficiaries determined, the trustors and their respective successors may assign their rights to persons who are unfit by law or by the constituting instrument the trust.

**GRAL LAW.** Arts. 241, 246, 248, 250, 263.

**C.C.** Arts. 1206, 1207, 1209, 1210, 1211, 1215.

**Article 265°.** - **NULLITY OF TRUST.**

The trust is null:

1. If it contravenes the requirement set forth in Article 243.
2. If its objective is illegal or impossible.
3. If the trust company is appointed as trust beneficiaries, except in cases of securitization trusts.
4. If all the trust beneficiaries are persons who are legally prohibited from receiving benefits from the trust.
5. If all the goods that should conform it are out of the market.

If the prohibition referred to in point 4 only involves some of the trust beneficiaries, the trust is valid with respect to the others.

**GRAL LAW.** Arts. 241, 243, 248, 249, 258, 266, 267.

**C.C.** Arts. 43, 44, 219 (3, 4, 7), 224, 1403.
Article 266º.- TRUST OVER GOODS OUTSIDE OF THE MARKET.

In the event that one or more of the properties which should comprise the trust are out of the market, the trust is valid and shall subsist with the remaining property.

GRAL LAW. Arts. 243, 246, 252, 253, 254, 265 (5).
C.C. Arts. 219 (3), 224, 1403.

Article 267º.- CASES OF MORE THAN FIVE TRUSTEES.

In the event that the trust beneficiaries should be more than five, they must hold meetings subject to the rules for obligee assemblies established by Articles 236º, 237º and 238º of the Business Corporations Law, unless there is a provision to the contrary in the trust instrument.

The objects of the meetings referred to in the preceding paragraph are as follows:

1. Appoint representatives and agents to act as safeguards for the common interest of the trust beneficiaries.
2. Approve amendments to the clauses of the trust, where the consent of the trust beneficiaries is necessary provided that they are not minors or incompetent and are therefore prevented from personally taking part in meetings.
3. Adopt other measures and decisions on behalf of the common interest of their members.
4. In cases of trusts with indeterminate trust beneficiaries, representation shall be assumed by the Superintendency.

GRAL LAW. Arts. 241, 246, 248, 250, 263.
L.G.S. Arts. 320, 321, 323, 324, 325.
C.C. Arts. 43, 44, 145, 160.

Article 268º.- TRUSTS FOR LONGER TERMS THAN THE ESTABLISHED.

Should the trust be established for a period exceeding that permitted by law, such excess shall be considered null, without prejudice of the provisions of Article 251º.

GRAL LAW. Arts. 241, 246, 251, 269.
C.C. Arts. 183, 184.

Article 269º.- TERMINATION OF TRUST.

The trust may terminate due to:

1. Resignation of the trust company, with just cause, accepted by the Superintendency.
2. Liquidation of the trust company.
3. Removal of the trust company.
4. Express resignation of all the trust beneficiaries from the benefits granted to them by the trust.
5. Loss of the property of which it is comprised, or of a substantial part thereof as judged by the trust company.
6. Upon completion of the objective for which it was constituted.
7. Impossibility of the accomplishment of its objective.
8. Resolution agreed between the trustor and beneficiary, with the approval of the trust beneficiaries in the case set forth in the first paragraph of Article 250.
9. Revocation by the trustor, prior to the delivery of the property to the trust company or after compliance with the legal requirements, except as provided for in the first paragraph of Article 250.
10. Expiration of term.
Waiver of Responsibility

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In the cases of numerals 1, 2 and 3, the causes shall operate if within a period of six (6) months another company to take charge is not found.

Should the revocation referred to in numeral 9 be partial, the trust shall subsist with regard to the property included in the capital.

C.C. Art. 1361.

Article 270º.- RETURN OF PROPERTY AT THE END OF THE TRUST.

Should the original agreement not contain any indication of the person to whom the property should be delivered on termination of the trust, it shall be returned to the trustor or its assignees or, in the absence thereof, delivered to the Fund.

Exempted from the provisions set forth in this article are the trusts considered in Article 244º, in which the property, in the part where the legitimate rights of some heir have been affected, is delivered to the latter or his / her successors.

GRAL LAW. Arts. 241, 244, 246, 256.
C.C. Arts. 723, 724.

Article 271º.- APPOINTMENT OF A TRUST AGENT.

For every trust it receives, the trust company shall appoint a trust agent, who shall personally assume the conduction thereof and responsibility for any acts, contracts and operations related to such trust. The trust company is severally responsible for any acts which, with respect to the trust, are effected by such agent and the workers of the trustee, except as provided for in the second paragraph of Article 259 º.

One person may be the agent of several trusts.

The appointment of such agent must be reported to the Superintendency, body that is empowered to direct his removal at any time.

GRAL LAW. Arts. 241, 242, 246, 252, 256, 261, 272, 273.

Article 272º.- POSSIBILITY OF DESIGNATING ADMINISTRATIVE COMMISSIONS.

Should the nature or the number of the operations, acts and contracts concerning the property of a trust or required for the completion of its objective so justify, the trust company shall appoint a trust administrative commission, consisting of at least three (3) but no more than seven (7) members, which shall regulate its operation and powers, always subject to the rules contained in the constituting instrument of the trust.

For the same reasons set forth in the preceding paragraph, the trust company may contract ad-hoc personnel for each trust. Such personnel may only practice their rights with respect to the property of the respective trust and the length of their labor relationship shall be subject to the subsistence of the trust that determined their employment. Such contracts must be in writing.

C.C. Arts. 143, 144.

Article 273º.- SEPARATE ACCOUNTING FOR EACH TRUST.

The trust property is administered by the trustee.

The trust company must keep separate accounts for trust asset under its control in duly legalized books without prejudice of the corresponding accounts and records appearing in the company’s books, accounts and records that must reconcile with the former.

The trust company has no right of ownership over the property constituting the trust asset, it being responsible for the administration thereof.

L.G.S. Arts. 190, 191.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

C.T. Art. 87 (4).

Article 274°.- TRUST AS GUARANTY.
Any company granting credit under a trust guaranty with a third trust company shall compensate the unpaid credit with the result obtained from the execution of the trust asset, as provided for in the contract, or with the trust asset itself when made up of money, duly notifying the Superintendency in the latter case.

The conditions of trustee and creditor are mutually exclusive.

GRAL LAW. Arts. 221 (3b), 241, 242, 246, 254, 256, 257.

SUB-CHAPTER III
TRUST COMMISSIONS

Article 275°.- TRUST COMMISSIONS
Trust commissions stated, without prejudice of the rest authorized by the Superintendency, may accept and the companies execute, according to numeral 32 of article 221° as follows:

1. To realize functions of depositaries and interveners of seized goods, except when the deposit concerns money.

2. To administer provisionally the businesses and societies that are in a process of economical and financial re-structure, according to the subject law.

3. To fulfill the functions of administration, realization and liquidation of the goods of the societies declared in bankruptcy according to the subject law.

4. To be administrators of common goods by agreement of the party, or by nomination of the specialized judge in the case of article 772° of the Civil Process Code.

5. To act as testamentary or court appointed executor.

6. To keep under custody the goods of minors or incompetent persons, in cases referred to article 503° of the Civil Code and in all the rest in which such Code disposes or authorizes the nomination of special trustee, testamentary or dative, for all or part of the goods of the minor or incompetent.

7. To act as custodians of goods of those judicially declared as missing.

8. To administer goods left by testament or donated under condition or until a certain day with the purpose of handling them to the heirs, legaties or donees when the condition is fulfilled or the day arrives.

9. To assume the administration of goods left by a will or by act among living, for public work, establishment of benefaction or education or other lawful purposes granted by the testator or donor, according to the will of the institutive.

10. To assume the administration of goods that might be left by a will or by inter vivos act with the purpose that the fideicommissary receives the income during his life or by the time determine by the provider.

11. To act as administrators of goods encumbered with usufructs, when it has been established in the constitutive act.

12. To serve as representative of the titleholders of bonds issued by anonymous societies.

13. To administer portfolios.

14. To celebrate mandatory contracts, with or without representation including general or special powers to:
   i To administer goods
   ii To collect credits or documents
   iii To buy and sell actions, bonds and other movable value.

   iv To receive dividends and interests
   v To represent titulars of actions, bonds and securities
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GRAL LAW. Arts. 221(32), 276 to 281

Numeral 1:
C.C. Arts. 1814, 1819, 1830, 1854
C.P.C. Arts. 649, 654, 655

Numeral 4:
C.C. Art. 972
C.P.C Arts. 769 to 774

Numeral 5:
C.C. Arts. 778, 779, 784, 787, 789.

Numeral 6:
GRAL LAW. Arts. 278, 279.
C.C. Arts. 502, 503, 508, 515, 564, 565

Numeral 7:
C.C. Arts. 47, 48, 597.

Numeral 8:
C.C. Arts. 171, 178, 686, 689, 738, 768, 1621, 1622.

Numeral 9:
C.C. Arts. 686, 734, 738, 1621, 1622.

Numeral 10:
C.C. Arts. 686, 1457, 1621, 1622, 1923, 1941.

Numeral 11:
GRAL LAW. Art. 280
C.C. Arts. 999, 1000

Numeral 12:
C.C. Arts. 145, 157.
C.A. Arts. 304, 313.

Numeral 13:
GRAL LAW. Art. 121

Numeral 14:
C.C. Arts. 1790, 1792, 1793, 1794, 1801, 1806, to 1809.

Article 276°.- REGULATIONS ON CONFIDENCE COMMISSIONS

The rule for the exercise of the confidence commissions conferred to the companies as following:

1. Companies subject to dispositions concerning commercial law as well as common law, as long as they have not been modified by the present law.

2. It is not necessary that the companies grant guarantee, nor their agents pledge oath, in the cases demanded by other legal dispositions.

3. Companies may excuse from accepting the commissions, as well as resign to them without expression of cause; but if that were the case, they are obliged to adopt urgent measures imposed by the circumstances, with the purpose of not affecting the rights of those conferring the commission.

GRAL LAW. Arts. 4, 221 (32), 275, 277, 281.
Waiver of Responsibility
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C.C.                          T.P. Arts. IX, 1868, 1870, 1871.
L.G.S.                        Art. 2.
C.DE C.                      Art 2.

Article 277°.- USE OF MONEY UPON WHICH CONFIDENCE COMMISSIONS DEAL WITH

Money upon which confidence commissions deal with or come from is invested following customer’s instructions or the object of the commission of confidence, according to determination in the constitutive acts. When no instructions are available, it is applied within a term of 15 days of having been received, to the acquisition of titles of the public debt, obligations of the Central Bank or securities and other investment modalities permitted by the legislation that regulates the activities of the Private Administration of Pension Funds.

After the term is expired without the inversion having being made, and while this does not occur, the company must acknowledge the highest lending interests of the financial system.

GRAL LAW.                    Arts. 9, 221 (20,32), 275, 276
C. C.                        Arts. 1354, 1361

Article 278°.- CUSTODIAN OF PROPERTY BELONGING TO MINORS

In the case of numeral 6 of article 275°, prohibitions established in articles 538° and 546° of the Civil Code are applicable to the custodian company, its directors and workers. The property of the company are not subject to legal mortgage, to respond for the administration thereof.

GRAL LAW.                    Arts. 221 (32), 275 (6), 276, 277, 279.
C.C.                         Arts. 502, 503, 508, 520 (2), 538, 546, 564, 565.

Article 279°.- ADMINISTRATION OF GOODS OF MINORS OR INCOMPETENT PERSONS

The institution of forced heirs toward a minor or incapable may be done under the condition, that during minority or incompetence of the heir, the goods constituting the legitimate estate be administrated by a company, even if the minor has father or mother, or the incapable has a guardian appointed by law.

GRAL LAW.                    Arts. 221 (32), 275 (6), 276, 277, 278.
C.C.                         Arts. 43, 44, 425, 564, 565, 724.

Article 280°.- ADMINISTRATION OF ENCUMBERED PROPERTY WITH USUFRUCT

In the case of numeral 11 of article 275° the rights and obligations of the company are set forth by the founder, otherwise those corresponding to the bare legal owner.

GRAL LAW.                    Arts. 221 (32), 275 (11), 276, 277.
C.C.                         Arts. 600, 999, 1000, 1006, 1007, 1354, 1361.

Article 281°.- DISSOLUTION OF COMPANY PERFORMING CONFIDENCE COMMISSIONS

If a company executing confidence commissions enters into a process of dissolution and liquidation or resigns to its charge, the Superintendent, or the specialized judge if it were the case, may appoint another as substitute. Preferably the nomination must recall in a company of the same location.
Article 282°.- DEFINITIONS

1. Banking company: is that which main business consists in receiving money from the public in deposit or under any other contractual modality, from the public, and use that money, its own capital and the one that may be obtained from other financial sources, granting credits under different modalities, or applying them to operations subject to market risks.

2. Financial company: is that one that obtains resources from the public, and its specialty consists on facilitating the placement or primary securities issues, operating with bearer securities and grant advisory of financial character assessment.

3. Rural Saving and Credit Institution: is that one that obtains resources from the public, and its specialty consists in granting financing preferably to the small and micro companies of the rural ambit.

4. Municipal Saving and Credit Institution: is that one that captures resources from the public, and its specialty consists in the realization of financing operations, preferably to small and micro companies. 117

5. Municipal Popular Credit Institution: is that one specialized in granting pawned credit to general public being also allowed to perform active and passive operations with the corresponding Provincial and District Councils and with the municipal companies depending from the first stated ones, as well as give banking services to such councils and companies. 118

6. Company for the development of small and micro enterprise, EDPYME: is that one which specialty is to grant financing, preferably to the companies of the small and micro enterprise.

7. Financial leasing company, which specialty consists of the acquisition of personal and real property, all of which shall be assigned in use to an individual or corporation in exchange for a periodical rental payment and with the option of purchasing said property at a predetermined value;

8. Factoring company, whose specialty consists in the acquisitions of approved invoices, securities and in general any bearer securities representing a debt.

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117 According to article 72° of Law N° 27972 published on 27-05-03, Municipal Saving and Credit Banks cannot make business deals with any of the municipalities of the Country

118 Modified by Law N° 227102 dated 05-05-99
Waiver of Responsibility
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9. Bond and guaranty company: which speciality consists of granting bonds to guaranty individuals or corporations before other companies of the financial system or foreign companies, in operations related to foreign trade;

10. Trust service company, whose specialty consists in acting as trustee in administration of autonomous trust assets, or in the fulfillment of trust commissions of any nature.

11. Savings and Credit Cooperatives authorized to receive resources from the public referred to in article 289° of the this 5law.

Article 283° EXECUTABLE OPERATIONS BY THE BANKING COMPANIES
The banking companies may realize all the operations stated in article 221°, except the one indicated in numeral 16, same that must count with the authorization of the Superintendency.

Article 284°. EXECUTABLE OPERATIONS BY FINANCIAL COMPANIES
The financial companies may realize operations stated in the items 1, 2, 3b, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30a, 30b, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, and 43 of article 221°. The rest of the operations stated in article 221° may also be realized by these companies when they fulfill the requirements established by the Superintendency.

Article 285° EXECUTABLE OPERATIONS BY THE SAVINGS AND CREDIT RURAL INSTITUTIONS
The rural saving and credit Institutions may realize the operations stated in clause 2, 3b, 4, 6, 8, 9, 10, 11, 12, 15, 17, 18, 19, 20, 21, 22, 23, 26, 28, 29, 32, 33, 35, 36, 38, 39, 41 and 43 of article 221°. The rest of the operations pointed in article 221° may also be realized by these companies when they fulfill the requirements established by the Superintendency.

Modified art. by Leg. D N°1028 published on 22-01-2008 and in force since 01-12-2008
Modified art. by Leg. DN°1028 published on 22-01-2008 and in force since 01-12-2008
Modified art. by Leg. DN°1028 published on 22-01-2008 and in force since 01-12-2008
Waiver of Responsibility
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Article 286°. - EXECUTABLE OPERATIONS BY THE MUNICIPAL SAVING AND CREDIT INSTITUTIONS

The Municipal Credit and Savings Institutions may execute the operations authorized by their special laws. Additionally they may execute the operations stated in items 4, 6, 8, 9, 10, 11, 12, 15, 17, 19, 20, 21, 22, 23, 26, 28, 29, 32, 35, 36, 38, 39, and 43 of article 221°. Others operations stated in article 221° may be executed by these companies when they comply with the provisions established by the Superintendency.

GRAL LAW. Arts. 221, 275, 282 (4), 5th F. and C. Disp., 13th Tran. Disp., 14th Tran. Disp.
D.S. 157-90-EF
D.S. 54-97-EF. Art. 16(g)

Article 287° EXECUTABLE OPERATIONS BY THE MUNICIPAL POPULAR CREDIT INSTITUTIONS

The Municipal Popular Credit Institutions may execute operations referred to in numeral 5 of article 282° of this law. Additionally, they may execute operations stated in items 4, 6, 8, 9, 10, 11, 12, 15, 17, 19, 20, 21, 22, 23, 26, 28, 29, 32, 33, 35, 36, 38, 39, and 43 of article 221°. Others operations stated in article 221° may also be realized by these companies when they comply with the provisions established by the Superintendency.

GRAL LAW. Arts. 221, 275, 282 (5), 5th F. and C. Disp., 14th Tran Disp., 15th Tran Disp.
LAW 10769.

Article 288°. - EXECUTABLE OPERATIONS MADE BY <EDPYMES

The EDPYMES may execute the operations stated in items 3b, 4, 6, 8, 9, 10, 11, 12, 15, 17, 19, 20, 21, 22, 23, 26, 28, 29, 32, 33, 35, 36, 38, 39, 41 and 43 of article 221°. Others operations stated in article 221° may also be executed by these companies when they fulfill the requisitions established by the Superintendency.

GRAL LAW. Arts. 221, 275, 282 (6)

Article 289° SAVING AND CREDIT COOPERATIVES AUTHORIZED TO OBTAIN RESOURCES FROM THE PUBLIC

The Savings and Credit Cooperatives may operate with resources from the public, understanding by these persons different ones from their shareholders, if they adopt the legal status of cooperative stock companies.

They have the following characteristics:
1. The capital stock of these cooperative companies is represented by corporate shares, regulated by this law and by the stock company regime of the Business Corporations Act;
2. They are obligated to maintain the legal reserve referred to in article 67 of this law, without it being necessary for them to maintain any cooperative reserve whatsoever;
3. The administration of these cooperative companies is regulated by the norms of the Business Corporations Act, stock company regime;

122 Modified art. by Leg. DN°1028 published on 22-01-2008 and in force since 01-12-2008
123 Modified art. by Leg. DN°1028 published on 22-01-2008 and in force since 01-12-2008
124 Modified art. by Leg. D N°1028 published on 22-01-2008 and in force since 01-12-2008
Waiver of Responsibility
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4. The cooperatives may execute the operations set forth in items 2, 3b, 4, 6, 11, 15, 23, 28, 29 and 39 of article 221, and subpoint iii of item 14 of article 275 of this law. The other operations set forth in article 221 may also be executed by these companies provided they comply with the requirements contained in article 290.

5. The norms contained in this law are applicable to these companies, which are subject to the direct supervision of the Superintendency.

6. They are not regulated by the General Cooperatives Act, single restated text approved by Supreme Decree 074-90-TR.

GRA L. ARTS. 221 (2, 3b, 4, 6, 11, 15, 23, 28, 29, 39), 275 (14 iii), 282 (11), 24 th F. and C. (1) Disp., 5 th Tran. Disp.

Article 290°.- 125

CHAPTER II
OVERSEAS BANKING BRANCHES

Article 291°. 126

Article 292°. 127

CHAPTER III
INVESTMENT BANKING

Article 293° INVESTMENT BANKING
Investment Banking are stock companies, which purpose is to promote investment in general, both in the country and abroad, acting either as direct investors, or as intermediaries between investors and the businessmen that confront capital requirements.

Investment Banking shall only operate with negotiable portfolios subject to the various market risks, however not being subject to the limitations of article 200, items 2, 3, 4 and 5, nor those of article 214. They may not receive deposits from the public, nor make placements, nor grant contingent credits, therefore lacking a credit portfolio.

They shall encourage the diversification of market risks.

GRA L. ARTS. 16, 200, 294.
D. LEG. NO. 662

Article 294° OPERATIONS
Investment Institutions are empowered to execute the following operations and services:

125 Derogated art. by Leg.D N° 1028 published on 22-06-2008 and in force since 01-12-2008
126 Derogated by Leg. D. N° 1052 from 26-06-2008
127 Derogated by Leg. D. N° 1052 from 26-06-2008
1. To acquire, maintain and sell shares, bonds and instruments similar to those of the stock companies established in the country or abroad on their own account or on account of third parties.

2. To acquire, maintain and sell, as participants, certificates of participation in mutual funds and investment funds.

3. To execute operations in the futures market, related financial products and commodities.

4. To originate, structure, distribute and subscribe, transitorily, in whole or in part, primary securities issues in the domestic or foreign market for subsequent placement among the public, with the power of granting a full or partial guaranty of the placement to the issuer.

5. To advise and facilitate the placement of funds in the country or abroad, through stock exchange transaction in agreement with the legal provisions in force regarding this matter.

6. To grant the securities referred to in the preceding point as guaranty.

7. To issue and place its own liabilities in the market;

8. To identify eventual partners for their clients interested in the purchase of assets or businesses in progress.

9. To render economic and financial advisory services and assess assets and businesses in progress;

10. To accept and comply with commissions of trust, provided that it is an attempt to promote investment, or the merger and transfer of businesses in progress, restructuring of liabilities as well as those compatible with its nature.

11. To act as a liquidating institution of the companies of the financial and insurance systems.

12. All other operations compatible with its nature authorized by the Superintendency with the prior opinion of the Central Bank.

GRAL LAW. Arts. 16 (C), 18, 200, 221, 232, 233, 275, 293, 349 (16), 359, 1ªF. and C Disp., 20ª F. and C. Disp., Glossary (commodities).


L.O.B.C.R. Arts. 24 244 (I. J), 97.

L.M.V. Arts. 2, 4, 5, 17, 18, 49, 53, 64, 86, 98, 122, 238, 239, 246, 247.

D.LEG. No. 862 Arts. 1, 2, 5.

D. LEG. No. 662

CHAPTER IV

REAL ESTATE CAPITALIZATION COMPANIES

Article 295º.- ALLOWED OPERATIONS
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

Real property capitalization companies are those which main activities consist of buying and/or building real property, and, in relation to them, enter into individual real property capitalization contracts with third parties, delivering the corresponding real property unit to the investor as deposit. These contracts include the option right of the investor in terms of the acquisition of the real property unit by means of the payment of its price in cash, at any time. These companies may enter into loan contracts for the pre-financing of the real property and issue mortgage certificates.

The individual capitalization amount is not subject to withdrawal and may only be applied to the payment of the purchase price of the real property unit, or recovered by the investor by means of the assignment of its contractual position.

Real property capitalization companies may only execute operations linked with the individual capitalization programs related to the real property market and may not effect placements.

The Superintendency shall issue the norms regulating the various matters related to these types of companies and their operations, including, among others, the following:

1. The characteristics of the real property capitalization contracts entered into with the investors; of delivery of the real property units in civil deposit; the purchase option contract by means of which the investor purchases the real property, that shall not be subject to the term referred to in article 1423 of the Civil Code; as well as the contracts of assignment of the contractual agreements entered into by such persons.

2. The pre-financing regime and issue of mortgage instruments in domestic and foreign currency.

GRAL LAW. Arts. 16, 18, 238, 349 (9).
C.C. Arts. 1419, 1421, 1422, 1423, 1435, 1814
LAW No. 28364

THIRD SECTION
INSURANCE SYSTEM

TITLE I
GENERAL REGULATIONS

SINGLE CHAPTER
GENERAL RULES

Article 296º.- CLASSIFICATION OF THE COMPANIES OF THE INSURANCE SYSTEM

Insurance companies, subject themselves, at least every semester to a classification risk regime, carried out by independent classification companies, in order to evaluate the obligations that they have with their insured. If there were two different classifications, the lowest one shall prevail. The Superintendency will classify the companies of the insurance system according with technical criteria and compensations that will be previously established with a general character and that will be considered among others, the measure and administration systems of risk, patrimonial solidity system, incomes, and the financial and management efficiency, as well as liquidity.

GRAL LAW. Arts. 136, 297, 349, (9), 367 (7), 21ª F. and C. Disp., Glossary (insurance companies).
L.M.V. Arts. 269, 280, 286, 287, 288, 290.

Article 297º.- PUBLICATION OF INFORMATION
The Superintendency publishes at least quarterly, updated information, destined to diffuse the principal indicators of the patrimonial, financial and management situation from the insurance companies, it might also include its classification. Such information includes statistics on the opportunity of payment of the sinisters and rejections made by the insurance companies.

GRAL LAW. Arts. 87 (4), 92, 296, 298, 303, 306 to 310, 353, 354.

**Article 298**.- **SOLVENCY EQUITY**

The insurance or reinsurance companies, must at every time, count with an effective equity, that may not be lower than the solvency equity.

The amount of the solvency equity is established based on the highest amount that results from the application of the following criteria:

1. The credit standing margin established according to article 303; and
2. The minimum capital established in article 16;

GRAL LAW. Arts. 16, 18, 299, 300, 303, 311, 315, Glossary (reinsurance companies, solvency margin, effective equity).

**Article 299**.- **EFFECTIVE EQUITY USED TO COVER INSURANCE AND/OR REINSURANCE RISKS.**

1. The effective equity of the companies of the insurance system that is used to cover insurance and/or reinsurance operations may be constituted as follows:
   a) Paid up capital, facultative and legal reserves and premium for the issue of shares; and
   b) The computable portion of the subordinate debt meeting the requirements that the Superintendency establishes for that purpose and based on a general basis, including, as applicable, bonds that may be converted into shares at the exclusive decision of the issuer.

2. The following procedure is followed for the determination of the effective capital eligible to cover insurance and/or reinsurance risks, adjusted by inflation in due time:
   a) Sum of the paid-up capital, supplementary capital premium, and the legal and facultative reserves, as applicable;

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128 Modified by Law No. 28184 published 02-03-2004
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b) Sum of the profit of preceding fiscal years and of the fiscal year in course, after the declaration referred to in article 187;

c) Subtraction of the amount of all the investment in subordinate bonds and shares of diverse nature made by the insurance companies in insurance companies engaged in other lines; and

d) Subtraction of the losses of the preceding fiscal years and the fiscal year in course.

e) Subtraction of the goodwill resulting from the company reorganization, as well as from the acquisition of investments.

GRAL LAW.  Arts. 16, 18, 67, 68, 72, 184, 185, 233, 298, 301, 302, Glossary (effective Capital).

L.G.S.  Arts. 85, 229

D.LEG. 797

Article 300.- EFFECTIVE EQUITY USED TO COVER CREDIT RISK.
When the insurance company grants the bonds referred to in article 304, grants financing to its insured parties for the payment of their insurance premiums, or grants mortgage loans, its shall dedicate a portion of its effective equity, in the part that exceeds its credit standing capital, to cover the credit risk, in compliance with the provisions of general nature issued by the Superintendency.

GRAL LAW.  Arts. 298, 302, 304, 318, 325, (3), Glossary (credit risk).

C.C   Arts. 1868, 1870, 1871.

Article 301.- PREFERENT SHARES AND SUBORDINATE BONDS

The insurance and/or reinsurance companies with the provisiones indicated in article 60° of this law. The subordinate bonds issued by the insurance companies shall have the characteristics and limits stated in article 233° of this law, as well as those established by the Superintendency by regulations of general character.

GRAL LAW.  Arts. 60, 184, 185, 233, 349 (9)

LGS.  88, 95, 96.

Article 302.- INDEBTEDNESS LIMITS

1. Debt limits related to insurance and/or reinsurance operations.

The companies of insurance and/or reinsurance can only take credits, in the country and overseas, for an amount that does not exceed the equivalent of its effective equity.

If it were the case that the indebtedness limits stated in the present article be exceeded, information must be submitted to the Superintendency within two (2) labor days following the respective verification and present within the following fifteen (15) business days a program approved by its Board of Directors where the adopted measures are stated to eliminate excess in a term no longer than three (3) months.

No compliance with the provisions of the present article, will be sanctioned with a monthly fine, equivalent to one and a half (1.5) times the average monthly interest rate for lending operations up to thirty (30) days, in the respective currency and market published by the Superintendency. As of the second month and while the infraction subsists, this fine will be increased progressively fifty per cent (50%) from month to month.
2. Indebtedness Limit related to granting of bonds

When the insurance companies have assigned a portion of their effective equity to cover the credit risk resulting from the granting of bonds, the limit of these operations, under the function of their contingent credits weighted by credit risks, shall be eleven (11) times said capital, according to the form specified in the second section of this law.

This indebtedness limit is independent from the one established in afore numeral 1.

The unfulfillment of this limit is subject to the sanctions set forth in article 219◦.

GRAL LAW. Arts. 199, 219, 298, 299, 300, 301, 325(3), 361, 24◦ Tran. Disp.
C.C. Arts. 1868, 1870, 1871.

**Article 303◦** SOLVENCY MARGIN

Solvency margin is determined by the Superintendency under the function of:

1. The annual amount of the premiums.
2. The medium burden of claims in the last three fiscal years.

For this purpose, the Superintendency chooses the criteria, when being applied, to determine the highest amount between both.

When the credit standing margin exceeds the effective equity, the insurance company must present a capital adaptation program, according to the regulations dictated by the Superintendency for such purpose.

The unfulfillment of what is stated in the present article will be sanctioned with a monthly fine equivalent to the one stated in the last paragraph of numeral 1 of article 302◦.

GRAL LAW. Arts. 298, 299, 300, 302, 332, 361 Glossary (solvency margin)

**Article 304◦** OPERATIONS SUBJECT TO CREDIT RISK

The operations referred to, in article 318◦ are subject to the following rules:

1. Bonds, credits for the financing of premiums and other credits are affected to the credit risk weighted factors, established in articles 188 and 195◦. These operations will be affected to the provisions and rules on limits, financial conglomerates and/or mixed, stated in the Second Section of the present law and will be carried under separate accounts and duly identified with respect to the insurance operations.

2. The subsidiaries organized by the insurance companies for the realization of financing operations, are subject to all the rules of the present law.

GRAL LAW. Arts. 133, 138, 186 to 191, 199, 200, 201 to 212, 318, 325, 354, Glossary (conglomerates)
C.C. Arts. 1868, 1870, 1871.

**Article 305◦** GUARANTEE FUND

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129 Modified art. by Leg. D N°1028 published on 22-06-2008 and in force since 01-12-2008
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any legal purpose is Spanish as published in the Official Gazette.

The insurance system companies must maintain a Guarantee Fund to cover risks different from the
insurance technical and credit risks of the operations stated in article 300°.

The Superintendency will issue the complementary norms to establish the Guarantee Fund,
considering the market, operational and other risks that determines, as well as the operations credit
risk different to the indicated in article 300°.

GRAL LAW. Arts. 69, 298, 300, 303, 304, 311, 315, Glossary (solvency margin, market risk).

SUB CHAPTER II
RESERVES

Article 306°.- TECHNICAL RESERVE

Insurance and/or reinsurance companies must monthly constitute, the following technical reserves:
1. Claims, including those that occurred and were non reported, past due capitals, rents or benefits
   from the insured persons, with pending liquidations or payment.
2. Mathematical, over life or income insurance.
3. For risks in course or non-accrued premiums.
4. For catastrophes and uncertain casualty risks.

GRAL LAW. Arts. 67 to 70, 298, 303, 307 to 311, 315, 316.

Article 307°.- CLAIM RESERVES

The reserves of casualties, past due capitals and incomes of the insured parties, pending adjustment
or payment, are constituted by the amount of the respective liquidation, without including the
recoverable part of the reinsurer.


Article 308°.- MATHEMATICAL RESERVE

The mathematical reserve on personal insurance is constituted on the basis of actuarial calculations,
taking into consideration the total insurance policies, without including the recoverable part of the re-
insurance.


Article 309°.- RESERVE ON RISKS IN COURSE

The reserve for risks in course or premiums not accrued is constituted by the part of withheld
premiums, excluding the annulments used to cover the force period not extinguished in the current
fiscal year. They are constituted monthly, following the procedures set forth by the Superintendency.


Article 310°.- RESERVE OF CATASTROPHIC AND UNCERTAIN CASUALTY RISKS.

The reserve for catastrophic and uncertain casualty risks is established by order of the
Superintendency. Its purpose is to cover the risks of unpredictable frequency and the risk of
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cataclysms or other similar phenomena, so as to ensure the normal development of the activities of insurance companies.


SUB CHAPTER III
INVESTMENTS

Article 311º.- INVESTMENT AND BACK UP OF THE OBLIGATIONS

Insurance and/or reinsurance companies at all times must back up their total associated obligations towards the insurance business with assets that fulfill the dispositions indicated by the Superintendency in complementary regulations.

The Superintendency will regulate the investment and limits subject to the assets oriented to reinforce the mentioned obligations. The components that constitute such obligations, as well as its calculation procedures will be determined by the Superintendency in complementary rules.


Article 312º.- DIVERSIFICATION LIMIT PER ASSETS ISSUER

Without prejudice of the provisions of the preceding article, items 2, 4, 5, 6, 7 and 8 thereof are regulated by the diversification limit per asset issuer backing the technical reserves, the minimum solvency equity and guarantee fund, for up to ten percent.

Article 313º.- QUALIFICATION OF INVESTMENTS

The qualification categories established by the Superintendency for assets set forth in article 311 have the following factors:

Category I or equivalents: 1.0
Category II or equivalents: 0.8
Category III or equivalents: 0.4
Category IV or equivalents: 0.2
Category V or equivalents: 0.0

In no case whatsoever may the investments be effected in assets classifying in categories IV and V or equivalent.

GRAL LAW. Arts. 311, 312, 214, 315, 316

Article 314º.- LIMIT FOR ASSETS ISSUED BY A FINANCIAL CONGLOMERATE OR ECONOMIC GROUPS

The total of the investments in the assets considered in items 2, 4, 5, 6, 7 and 8 of article 311º, issued by a same company, or by companies that integrate one same economic group or a financial conglomerate and/or mixed, may not exceed from the twenty per cent (20%) of the technical reserves.

130 Modified art. by Leg. D N°1028 published on 22-06-2008 and in force since 01-12-2008
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of the minimum solvency equity, and from the guarantee fund of the insurance company. Such limit is reduced to the half when the issuer or issuers belonging to the same conglomerate as the one forms part of the insurance and/or reinsurance company.

Article 315º.- INVESTMENTS NON CONSIDERED AS BACK UP OF TECHNICAL RESERVES, MINIMUM SOLVENCY EQUITY AND GUARANTY FUND.

The investments that overpass some of the limits established in articles 311º and 312º are not considered a back up of the technical reserves, of the minimum solvency equity and of the guarantee fund.

Article 316º.- INVESTMENT DEFICIT

When an insurance and/or reinsurance company presents a deficit of the technical reserves investments, minimum solvency capital and from the guarantee solvency, must inform this to the Superintendency within two (2) business days following to the corresponding verification. Additionally, it is obliged to present within fifteen (15) further business days, a program approved by its Board of Directors same that must consign the adopted measures to solve that deficit in a term of not more than three (3) months.

The Superintendency has faculties to demand that the deficit be covered in a minor term.

The investment deficit is sanctioned with a monthly fine, equivalent to one and a half times the average interest monthly rate for the lending operations of thirty (30) days in the respective currency and market published by the Superintendency. From the second month and while the infraction subsists, this fine will be increased progressively up to 50 percent (50%) from month to month.


Article 317º.- ASSETS BACKING RESERVES MAY NOT BE ENCUMBERED OR ATTACHED

The assets backing the technical reserves, minimum solvency equity and the guaranty fund of a company of the insurance system may not be encumbered, nor be subjected to any precautionary measures, act or contract that prevents or limits its free availability.

The property of insurance and/or reinsurance companies representing the investment of their mathematical reserves over life insurance that may be used for compliance with commitments and obligations undertaken with insured parties, trust beneficiaries and reinsurance companies may not be attached either, unless the precautionary measure is adopted to guaranty the compliance with the obligations resulting from the insurance or reinsurance contracts entered into by the company.

GRAL LAW. Arts. 298, 305, 306
CHAPTER II
OPERATIONS

SUB CHAPTER I
OPERATIONAL SETTING

Article 318º.- OPERATIONS

1. OPERATIONS OF INSURANCE AND REINSURANCE COMPANIES

In general, insurance and/or reinsurance companies may carry out all operations, acts and contracts necessary to extend risk coverage or to issue caution policies linked to services to be performed or not, including the operations of assignment or acceptance of reinsurance, as applicable, as well as make investments. They may also grant credits to the insured parties for payment of their insurance premiums.

Moreover, and after the extension of their authorization to operate, they may issue bonds, execute commissions of trust and trusteeships.

2. OPERATIONS OF THE SUBSIDIARIES OF INSURANCE COMPANIES

The companies of the insurance system may organize as subsidiaries:

a) A financial company which shall be regulated by the provisions of sections one and two of this law, and

b) A Health services provider as referred to in Legislative Decree 887; and

c) A mortgage administration company refers in its proper law.

The various activities and operations comprised by this article shall be subject to the regulations issued by the Superintendency.

GRAL LAW.  Arts. 8, 9, 34, 36, 282 (2, 10), 284, 298, 300, 302, 304, 321, 323, 325.
C.DE C.  Arts. 375 to 429.
LAW 26790
D.S.09-97-SA.
LAW 28971

Article 319º.- ASSOCIATION OF INSURANCE COMPANIES

Insurance companies may associate themselves by incorporation of companies with the only purpose of forming reinsurance systems, under the condition of assigners and reinsurance, overall or some of the insurance lines. Therefore, they must apply to the Superintendency the corresponding authorizations for organization and operations.

These reinsurance companies are subject to fulfilling all norms set forth by this present law.

GRAL LAW.  Arts. 10, 318, 322, 323, 325, Glossary (life insurance policies, general insurance policies).

Article 320º.- VERIFICATION BY THE SUPERINTENDENCY OF THE RETENTION AMOUNTS.
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The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

It is full competence of the Superintendency to verify that the amounts retained by each insurance company for the different kind of risk that they establish, are according to the technical, economical and financial conditions of each one.
GRAL LAW. Arts. 304, 306 to 310, 349 (2, 3).

Article 321º.- OTHER AUTHORIZED OPERATIONS.
With the consent of the insured party, and with a previous authorization of the Superintendency and in agreement with the formalities set forth by it, insurance companies may:

1. Assign one or more lines of their current insurance portfolios to other companies of similar nature authorized to issue policies in the same lines.

2. Establish work occupational accidents and disease coverage systems.
GRAL LAW. Arts. 318, 325
C.C Arts. 1206 to 1211

Article 322º. AUTONOMY OF THE INSURANCE AND REINSURANCE CONTRACTS
The reinsurance contract does not subordinate to the relations resulting from the insurance contract. Therefore, the payment of a sinister considered in an insurance contract may not be conditioned to the existing relations between the insurance and the reinsurer companies.

As a general rule, the Superintendency may establish exceptions to this Provision.
GRAL LAW. Arts. 10, 318, 319, 323, 324, 349 (9).

Article 323º.- REINSURANCES
Insurance companies may freely contract reinsurances in the country or overseas, subject to the regulations issued by the Superintendency.

Thus, this organism will establish the minimum percentage of the catastrophic risks that must be reinsured overseas.
GRAL LAW. Arts. 10, 310, 318, 319, 322, 324, Glossary (reinsurance companies).

Article 324º.- REGISTER OF OVERSEAS REINSURANCE COMPANIES
The Superintendency keeps a register of overseas reinsurance companies and performs the supervision of its representatives.131

For inscription in the above mentioned register, the interested company will submit an application indicating the date authorized to operate, including the following documents:

1. Legalized copy of its articles of incorporation.
2. Last annual report, including its financial statements duly audited by independent auditors.
3. Copy of the power of attorney granted to a resident in the country who would represent them with full faculties.

Moreover, the petitioner company will evidence that:

a) It is legally incorporated in its country of origen and has capacity to reinsure risks granted from overseas.

b) Its equity is no less than U$ 10 000 000,00 or its equivalent in other currencies.

131 Modified by Leg. D N° 1052 from 26-06-2008
Waiver of Responsibility
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c) It has not inconvenience to pay, according to the legislation of its country of origin, in freely convertible currency, the obligations that may occur from the reinsurance contracts subscribed overseas.

4. Other requirements established by the Superintendency

GRAL LAW. Arts. 10, 180, 318, 319, 322, 323, 349, 354.

Article 325º PROHIBITED ACTIVITIES FOR THE INSURANCE COMPANIES
The insurance companies are prohibited to:

1. Giving assets applied to the investment to which reference is made in Article 311 as guarantee.
2. Executing operations with shares representing its capital stock.
3. Lending money in any form or guaranteeing or warranting the responsibilities of their directors and workers, with the exception of loans for single housing granted pursuant to the provisions of article 201.
4. Paying compensation for claims in excess of what has been agreed.

SUBCHAPTER II
POLICIES

Article 326º.- CONDITIONS AND CONTENTS OF THE POLICIES
The conditions of the policies as well as the rates respond to the free competition regime in the insurance market, subject to the regulations contained in this chapter.

The policies must establish the risk coverage conditions.

Additionally, such policies must comply with the following minimum requirements:

1. Their content must follow the legal provisions that regulate the insurance contract.
2. The general, particular and special conditions of the policy must be drawn in a comprehensive language;
3. The basic protections and the exclusions must appear in highlighted characters
4. The amount of the premium;
5. As applicable, they shall specify the official registration number of the insurance broker and the commission it shall receive, that is fixed freely by agreement between the insurer and the insurance broker.

CONST. Art. 61.
GRAL LAW. Arts. 8, 9, 327, 328, 329, 337.
C.DE C. Arts. 378, 380
D.S. 006-2009-PCM

Article 327º.- READJUSTMENT OF INSURED CAPITALS, PRIMES AND INDEMNIZATIONS
Unless agreed to in foreign currency, the insured capitals, the premiums and the indemnifications may be expressed in the insurance policy in national currency of constant acquisitive value (VAC).

132 Numeral incorporated by Leg. D. N° 1052 from 22-06-2008
Waiver of Responsibility
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The respective redemption values are determined by adjusting them in agreement with the index of article 240°.

GRAL LAW. Arts. 240, 326, 328, 329.
C.C. Art. 1235

Article 328° - INSURANCE CONDITIONS AND RATES REPORTED TO THE SUPERINTENDENCY
The models of the policies, the rates and the resulting conditions of what is stated in articles 9°, 326°, and 327° do not require a previous approval of the Superintendency, however it must be reported to it before application. Such organism has faculties to prohibit the use of policies drawn up with conditions that do not satisfy what is stated in the mentioned articles.

GRAL LAW. Arts. 9, 326, 327, 349 (3).

Article 329°.- INSURANCE COVERAGE
When the insurances have an effect of no more than one (1) year, coverage is initiated when the insurance company accepts the application of the insured, and the payment of the prime is done. In the cases in which due to the characteristics of the insurance, this requires necessarily to be for a term of (1) year, the matter will be subject to the regulations stated by the Superintendency.

GRAL LAW. Art. 326

Article 330°.- CAUSE FOR AUTOMATIC TERMINATION OF THE CONTRACT.
In the case of the second paragraph of the preceding article, the total or partial default in payment of the premium may be a cause for automatic termination of the contract, as decided by the company of the insurance system. In this case the insurance shall be covered in the proportional part to the premium paid.

Should the automatic termination not be chosen, the company shall have the right to file a petition for the payment of the premium accrued plus interests, expenses and taxes originated by the issue of the policy through executive channels.

All agreements contravening the provisions hereof shall be null and void.

GRAL LAW. Art. 329
C.C. Arts. 219 (7), 1242, 1333, 1336, 1371.

Article 331.- REVOCATION OF AUTHORIZATION OF THE COMPANY.
The systematic supply of policies not complying with the principles set forth in articles 9°, 326° and 327°, the requirement of conditions not provided for by law or by contract for the payment of indemnification and all reiterated practices that have the purpose of unfairly avoiding or delaying the compliance with the obligations originated in the insurance contract, shall result in the revocation of the company's authorization to operate in the line or lines in which said bad conduct is verified.

GRAL LAW. Arts. 9, 318, 326, 328,356, 361 (9)
Waver of Responsibility
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**Article 332° CLAIMS**

The indemnification paid directly to the insured party, beneficiaries and/or endorsees, shall be effected within a term not exceeding thirty (30) days following the acceptance of the claim.

The acceptance of the claim occurs when the insurance company approves or has not rejected the adjustment agreement duly signed by the insured party within a term not exceeding ten (10) days counted as from subscription thereof. In case the insurer does not agree with the adjustment set forth in the agreement, it may require a new adjustment within a term not exceeding thirty (30) days, in order to accept or reject the claim, determine a new amount or propose the application of the arbitration clause.

In cases in which there is no adjustment agreement, the claim shall be considered accepted when the insurer has not issued a statement with respect to the amount claim within a term not exceeding thirty (30) days counted as from the date of delivery of the complete documentation required in the policy for the payment of the claim. Moreover, when the insurance company requires a longer term to make additional investigations or obtain sufficient evidence regarding the origin of the claim or to adequately determine its amount, it may submit a duly justified request therefor, requiring the Superintendency to grant it an additional term. Said term may not exceed ninety (90) days, counted as from the date of delivery of the complete documentation required in the respective policy.

In case of default in payment on part of the insurance company, it shall pay the insured party an annual default interest equal to one point five (1.5) times the average rate for lending operations in Peru, of the currency expressed in the insurance contract during the whole period of delay.

**GRAL LAW.** Art. 9, 333.

C.C Arts. 1242, 1333, 1336

**Article 333°.- EXCEPTION TO THE TERMS SET FORTH IN ARTICLE 332°.**

In the terms referred in the above article are not included those cases regulated by specific national laws, or international agreements stated in the respective policy such as indemnities by sinisters originated exclusively by stealing or robbery of automobiles, those where an arbitration process has been initiated and those where a judicial process has been initiated without intervention of the insurance company.

**GRAL LAW.** Art. 10, 332.

**TITLE III**

**AUTONOMOUS CREDIT INSURANCE EQUITY**

**SINGLE CHAPTER**

**AUTONOMOUS CREDIT INSURANCE EQUITY**

**Article 334° CONSTITUTION OF AUTONOMOUS CREDIT INSURANCE EQUITY**

All insurance companies may constitute autonomous credit insurance equity under its own administration, all of which shall grant coverage and assume the risk against the payment of self insurance premium.

**GRAL LAW.** Arts. 38, 204, 212.

**TITLE IV**
Waiver of Responsibility
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INSURANCE INTERMEDIATES AND AUXILIARIES

CHAPTER I
GENERAL PROVISIONS

Article 335º.- INSURANCE AND REINSURANCE BROKERS

The name of insurance intermediates makes reference to insurance and/or reinsurance brokers and the term of insurance auxiliaries makes reference to claims adjuster and/or insurance expert.

The Superintendency authorizes and regulates the practice of the activities of the intermediates and insurance auxiliaries and keeps a register with the records of the corresponding services that each one of them may operate.


Article 336º.- INSCRIPTION OF THE INSURANCE INTERMEDIARIES

The Superintendency set forth the requirements for the inscription of the insurance intermediaries, as well as the obligations, rights, guarantees and other conditions that they must subject their activities, having to fulfill at least with the following:

1. Maintain their competent condition to engage in their activities.
2. Not being involved in any case of incompatibility or impediment.
3. Be up to date with the payment of contributions to the Superintendency.

GRAL LAW. Arts. 335, 337, 342, 343, 344, 349.

CHAPTER II
INSURANCE INTERMEDIARIES

SUB CHAPTER I
INSURANCE BROKERS

Article 337º.- INSURANCE BROKERS

Insurance brokers are individuals or corporations that under the request of the insured party may act as intermediaries in the celebration of insurance contracts and advise the insured parties or contracting parties of the insurance concerning matters of their competence.

GRAL LAW. Arts. 318, 321, 335, 336, 338 to 341

Article 338º.- FUNCTIONS AND DUTIES OF INSURANCE BROKERS

The duties and functions of insurance brokers are the following:

1. To act as an intermediary in the contracting of insurances.

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133 Denomination of the Title modified by Legislative Decree Nº 1052, dated 26-06-2008
134 Modified article by Legislative Decree Nº 1052, dated 26-06-2008
Waiver of Responsibility
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2. To inform the insurance company, as representative of the insured, about the conditions of the risk.

3. To inform the insurance company or contractor of the insurance, in a detailed and exact form, about the clauses of the contract.

4. To verify if the policy contains the stipulations and conditions that cover the risk.

5. To inform the insurance company of any modification of the risk that demands the variation of the coverage amount.

GRAL LAW. Arts. 318, 321, 326, 331, 335, 336, 337, 339, 340, 341.

Article 339º PROHIBITED ACTIVITIES FOR THE INSURANCE BROKERS.
The insurance brokers are prohibited to subscribe risks coverage, on their own behalf or to collect premiums on behalf of the insured party.


Article 340º.- POWER GRANTED THROUGH THE LETTER OF APPOINTMENT OF THE INSURANCE BROKER
The letter of appointment that the insured party or contracting party issues to an insurance broker, empowers him/her to effect administrative acts of representation but not acts of disposal.

The notifications submitted to the insurance broker have effect in relation to its customer.

GRAL LAW. Arts. 335, 336, 338, 339.
C.C. Arts. 155, 156

Article 341º.- INSURANCE APPLICATIONS AND AMMENDMENTS MUST BE SIGNED BY THE INSURED PARTY.
The insurance application and subsequent amendments proposed by the insurance broker to the insurance company must be signed by the insured party or contracting party, as well as the copy of the policy issued and subsequent amendments. Said documents must be returned to the insurance company.

GRAL LAW. Arts. 335, 338, 340.

C.DE C. Arts. 376, 377.

SUB CHAPTER II
Waiver of Responsibility
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REINSURANCE BROKERS

Article 342º. FUNCTIONS OF THE REINSURANCE BROKERS.
The reinsurance brokers have the following functions and obligations:
1. To be intermediate in the contracting of reinsurances.
2. To advise the insurance companies form the election of a reinsurance contract.
3. To keep the insurance company informed of the changes and tendencies in the reinsurance market that might determine the convenience of modifying a program or reinsurance contract.
4. To advise in the presentation, follow up and collection of the claims that the insurance company proposes to formulate.

GRAL LAW. Arts. 323, 335, 336.

CHAPTER III
INSURANCE AUXILIARIES
SUB CHAPTER I
CLAIMS ADJUSTERS

Article 343º. FUNCTIONS OF THE CLAIMS ADJUSTERS.
The claims adjuster has the following functions:
1. To estimate the value of the insured property before the occurrence of the casualty in the event that it was covered by the policy.
2. To examine, investigate and determine the known or assumed causes of the casualty
3. To qualify, inform and issue an opinion as to whether the casualty is covered by the conditions of the policy.
4. To establish the amount of the losses or damages covered by the policy.
5. To set forth the amount that must be indemnified in agreement with the conditions of the policy.
6. To establish the salvage value in order to reduce it from the figure of damages, or for its commercialization by the insurance company.
The expert appraisal of the adjuster does not bind the parties and is independent of them.

GRAL LAW. Arts. 332, 335, 336.

SUB CHAPTER II
INSURANCE EXPERTS

Article 344º. FUNCTIONS OF THE INSURANCE EXPERTS.
The functions of the insurance experts are the following:
1. As risk inspector must, examine and qualify a good, a responsibility or an operation, as a previous action to the process of insurance, with the purpose that the insurance company might appreciate the risk to be covered.

2. As forecaster, to issue an alert regarding the possibility of a damage or loss taking place, recommending the actions to be taken to avoid or reduce one or the other.
Waiver of Responsibility

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3. Under his condition of damage inspector, investigate the damages and losses, estimating the amount of one and other, as well as the value of the sinistered objects.

GRAL LAW. Arts. 332, 335, 336.

FOURTH SECTION
SUPERVISORY BODY

TITLE I
NAME, PURPOSE AND RESIDENCE

Article 345º.- SUPERINTENDENCY OF BANKING AND INSURANCE
The Superintendency of Banking and Insurance is a constitutionally autonomous institution organized under public law, which purpose is to protect the interests of the public in the fields of the financial and insurance systems.

The Superintendency practices within its attributions, the control and supervision of the companies of the Financial System and Insurance System and other individuals and corporations organized in agreement with this law or special laws, exclusively in the corresponding matters.

The Superintendency supervises the compliance with the Organic Law and complementary provisions of the Central Bank, without prejudice of the practice of its autonomy, not including the aspect relative to the purpose and functions contained in articles 83 to 85 of the Political Constitution of Peru.

CONST. Arts. 83 to 85, 87.
GRAL LAW. Arts. 1, 2, 11, 19, 26, 35, 38, 41, 44, 95, 103, 114, 130, 132, 134, 137, 138, 158, 346 to 353, 356, 357, 361, 371, 373, 381, 1ª F. and C. Disp., 2ª F and C. Disp., 4ª F. and C. Disp., Glossary (financial system, insurance system).

L.O.B.C.R. Arts. 96, 97.

Article 346º.- AUTONOMY AND SCOPE OF COMPETENCY OF THE SUPERINTENDENCY.
The present law determines the framework of the functional economical and administrative autonomy of the Superintendency of Banking and Insurance; establishing its location within the structure of the State; defines the scope of its competency and points out the rest of its functions and attributions.

The rest of the laws or legal dispositions different to this law, will not be able to establish regulations of mandatory or imperative fulfillment for the Superintendency.

CONST. Art. 87.
GRAL LAW. Arts. 345, 347, 349, 350, 367, 373

Article 347º OBJECTIVE OF THE SUPERINTENDENCY
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

The Superintendency is responsible for the defense of the public interest, guaranteeing the economic and financial soundness of the individuals and corporations under its control; enforcing the legal, regulatory and statutory regulations governing their activities; practicing, to that end, the broadest control over all of their transactions and businesses, filing criminal claims against unauthorized individuals and corporations practicing the activities set forth in this law, and closing their offices, and, as applicable, requesting the dissolution and liquidation of the violator.

CONST. Art. 87
GRAL LAW. Arts 11, 19, 95, 103, 114, 130, 132, 134, 138, 345, 346, 349 to 352, 357, 361.
L.G.S. Arts. 407, 410.

Article 348º.- SEAL USED
The Superintendency uses an official seal with the Coat of Arms of the Republic and the inscription “Republica del Peru – Superintendencia de Banca y Seguros”.

All documents subscribed by the Superintendent that bear the above-described seal, shall be considered authentic.

The Superintendency has its legal domicile in the city of Lima and may establish offices in any other place of the Republic for the better compliance with its objectives.

CONST. Art. 87
GRAL LAW. Arts. 345, 346, 347.

TITLE II
ATTRIBUTIONS AND FUNCTIONS

CHAPTER I
ATTRIBUTIONS

Article 349º.- ATTRIBUTIONS.
The Superintendent has the following attributions, in addition to those already established in this law:
1. To authorize the organization and operation of corporations that have the purpose of carrying out any of the operations set forth by this law;
2. To ensure the compliance with the laws, regulations, bylaws and all other provisions that regulates the Financial System and Insurance System, to that end having the broadest and absolute control over all operations, businesses and, in general, in any juridical act that the companies of said systems execute;
3. To supervise entirely the companies of the Financial System and Insurance System, those subjected to its supervision in agreement with the special laws and those executing complementary operations;
4. To supervise the individuals or corporations that invest funds in the country;
5. To interrogate, under oath, any person whose testimony may be useful for the clarification of the facts examined during the inspections or investigations, for which purpose it may order that said
person be subpoenaed to that end having the powers authorized by the Civil Procedures Code for this diligence.

6. To interpret, in administrative channels, subject to the provisions of common law and the general principles of law, the scopes of the legal norms that regulate the companies of the Financial system and Insurance System, as well as those rendering complementary services, its decisions being regarded as administrative precedents of obligatory compliance;

7. To approve or amend the regulations that the Superintendency issues;

8. Establish the general norms that regulate contracts and instruments related to the operations set forth in Title III of Section Two of this law and approve the general contracting clauses to which the companies under its competency are subjected, as provided for by the pertinent articles of the Civil Code;

9. To issue the norms necessary for the practice of financial and insurance operations and complementary services of the companies’ activities and for the supervision thereof, as well as for the application of this law.

10. To issue the necessary provisions in order for the companies of the financial system to adequately comply with the agreements subscribed by the Republic having the purpose of combating money laundering;

11. To establish the existence of financial or mixed conglomerates and practice a consolidated supervision with respect to them pursuant to the provisions of article 138;

12. To provide for the individualization of risks for each company, separately;

13. To issue the general norms to specify the elaboration, presentation and publicity of the financial statements, and any other complementary information, ensuring that they reflect the real economic-financial situation of the companies, as well as the norms on consolidation of these financial statements in accordance with the generally accepted accounting principles;

14. To enter into cooperation agreements with other Superintendencies and related companies in other countries with the purpose of a better practice of the consolidated supervision;

15. To enter into agreements with the national supervisory organisms with the purpose of an adequately practicing said supervision;

16. To coordinate with the Central Bank in all cases set forth in this law;

17. Without prejudice of the provisions of article 269 of the Securities Market Act, the Superintendency may issue guidelines of general nature which the rating of the companies of the financial system and insurance system must abide by; and

18. In general, it is empowered to carry out all the necessary acts to safeguard the interests of the public in agreement with this law.

CONST. Art. 87

GRAL LAW. Arts. 1, 2, 4, 11, 19, 26, 35, 38, 41, 44, 95, 103, 114, 130, 132, 134, 137, 138, 158, 346 to 353, 354, 356, 357, 361, 371, 373, 381, 1a F. and C. Disp., 4a F. and C. Disp., Glossary (financial system, insurance system).

C.C T.P., Art. IX., 1392, 1393.

L.G.S. Art. 2.

C.P.C. Arts. 188, 192 (2), 222, 223.

L.M.V. Art. 269

Article 350°.- FACULTY FOR INSPECTION.

To develop his faculty of inspection, referred to in the afore article, the Superintendent may examine, by the necessary means, books, accounts, files, documents, correspondence and in general any other information necessary for the fulfillment of his functions. For this purpose, there exists the obligation of the company, representative, or broker to give all facilities needed to personnel in charge of the inspections for the fulfillment of his assignment.
Waiver of Responsibility

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The refusal, resistance or non-compliance of the obligated, when it is duly accredited, gives place to the imposition of any of the sanctions established in article 361°.

Likewise, he may require all the background he considers necessary to get information about his financial situation, resources, administration or management, acting of its representatives, status of security and prudence with which investments are made and in general, of any other matter that to his opinion must be cleared.

Third parties may also be asked to render testimony and requested to exhibit books and documents, action that shall be carried out within the limits set forth by article 47°j of the Code of Commerce.

C.DE C. Art. 47

Article 351°.- CLOSURE OF OFFICES AND DISSOLUTION OF BREACHING COMPANIES

The Superintendent shall order the immediate closing of the offices where unauthorized operations are being executed as per this law, with the intervention of the Public Prosecutor's Office. Moreover, it shall order the seizure of the documentation found therein wherefore it is empowered to directly request the support of public force. The practice of this power does not generate any responsibility whatsoever for the Superintendent.

Those who fail to comply with the requirement referred to in the preceding paragraph shall incur in the crime of abuse of authority as provided for in the first paragraph of article 378° of the Criminal Code.

Moreover, the Superintendent shall file the corresponding claim with the purpose of bringing criminal suit against the violators, process wherein the Superintendency shall be considered as the aggrieved party.

Therefore, it must act as a civil party and offer the necessary proof to clarify the crime.

GRAL LAW. Arts. 11, 347, 352, 356, 358.
C.P. Arts. 246, 378.
L.O.M.P. Arts. 1, 11.

Article 352°.- DISSOLUTION OF THE BREACHING COMPANY.

Without prejudice of the power that the article 365° of the Business Corporations Act grants to the Executive Branch, the Superintendent has the power to directly file a petition before the Supreme Court for the dissolution of the breaching company referred to in the preceding article.

The Superintendency shall directly appoint the liquidators, the provisions of article 365 of the Business Corporations Act mentioned above not being applicable.

The liquidation process shall be in agreement with the provisions of the Business Corporations Act, the expenses originated with this procedure having to be assumed by the breaching company.

GRAL LAW. Arts. 11, 347, 351, 356, 358, 361.
L.G.S. Arts. 407 (7), 410.
C.P. Art. 246.
LAW 26421.

Article 353°.- DIFFUSION OF INDICATORS OF THE COMPANIES SUPERVISED.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

The Superintendency must publish its annual report not later than May 31 each year. Likewise, must diffuse periodically the information on the main indicators of the situation of the companies under its control, having authority to order these companies to publish any other information that to their judgment is necessary for the public.

GRAL LAW. Arts. 87 (3), 92, 135, 137, 180, 181, 354.

CHAPTER II
CONTROL AND SUPERVISION

SUB CHAPTER I
CONTROL

Article 354°.- REGULATIONS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS.

For the purposes referred to in point 13 of article 349, the Superintendency is authorized to:

1. To request the supervised companies to constitute provisions and reserves for the assets and contingencies that involve credit and market risks, in agreement with the general provisions issued on the matter;
2. To require that investments and other positions subject to market risks be adjusted to their market value in agreement with the methodology established by it;
3. To require that real property and other assets that appear in the books be adjusted to their real market value, in agreement with the methodology established by it.
4. To forbid companies from paying dividends and distributing profit, regardless of the modality used, as long as they do not comply with the requirements set forth in the preceding points; and
5. When, the Superintendency is not supplied with the information with respect to any asset or contingency that would allow for adequate evaluation and qualification thereof, it shall be empowered to order the constitution of the provisions considered necessary with relation to such assets or contingencies.

GRAL LAW. Arts. 66, 67, 68, 70, 72 132 (2, 4) 186, 214, 215, 3349 (13), 353, 355, 356, 361.

Article 355°.- REPORTS ON THE APPLICATION OF PROFITS AND COMPANIES THAT PRESENT FINANCIAL INSTABILITY OR DEFICIENT ADMINISTRATION.

All companies are obligated to submit to the Superintendency a report explaining the agreements adopted as to the declaration of dividends or other form of application of the profit or disposition of resources. The term within which to submit said report is ten (10) business days, counted as from the date of adoption of the agreement, a similar term having to elapse in order for the contents thereof to become effective.

The Superintendency may suspend the agreements of use of profit for as long as it does not receive explanations that satisfactorily respond to the observations formulated with regard to said agreements.

In the case of companies that have financial instability or a deficient administration, the Superintendency must provide for the equity evaluation and adjustments deemed pertinent. Moreover, for

135 Modified by Law No.27008 dated 04-12-98 and Law N° 27102 dated 05-05-99
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

up to a period of 6 (six) months, renewable for the same term, the Superintendency is empowered to forbid said companies from executing one or more of the following operations:

1. To take additional risks of any and all kinds with any individual or corporate body directly or indirectly related to the property or management of the company, with or without guaranties;
2. To renew for over 180 (one hundred eighty) days, any operation that implies risks;
3. To execute operations that generate new market risks;
4. To purchase, sell or encumber fixtures or real property corresponding to their fixed assets or to their permanent financial investments;
5. To transfer documents from their credit portfolio;
6. To grant credits without collateral; and
7. To grant Powers of Attorney for the execution of the operations set forth in the preceding points.

GRAL LAW. Arts. 65, 66, 72, 95, 101, (1a), 103, 184, 185, 203, 221, (3b, 26), 354, (4), 361 (7).

Article 356º.- DETERMINATION OF INFRACTIONS
The Superintendent is empowered to provide for the subpoena of one or more representatives of the companies when it considers that there are indications of their instability, or when they have incurred in one of the following infractions:

1. Transgress any legal norm, provision or order that the Superintendency has issued in practice of its attributions.
2. Conduct its businesses or operations in a prohibited or unauthorized way.
3. Reduce the capital stock to figures that are lower than the legal minimum.
4. Exceed the limits set forth by this law in their operations.
5. Have a reserve deficit
6. Keeping books and accounting in such way that its revision does not allow for an accurate appreciation of the true status of the supervised company, or records that do not offer the due security.
7. Others set forth by this law.

The Superintendency may require all individuals and corporations, even when they are not comprised within the scope of its competence, the presentation of the information considered necessary to determine possible violations of this law. Those not complying with said requirement within the terms established by the Superintendency for each case, shall incur in the crime of contempt and resistance to authority.

GRAL LAW. Arts. 11, 16, 18, 46, 87, 90, 92, 95, 103, 140, 166, 198, to 215, 217, 218, 257, 258, 349, (13), 351, 361.

L.P.A.G. Art. 230 (4)
C.P. Arts. 365, 368

SUB CHAPTER II
INSPECTION
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

**Article 357º.- INSPECTION**
At least once a year and whenever it is considered necessary, the Superintendency will perform without any previous notice, general and special inspections, directly or through auditing companies authorized by it, destined to examine the situation of the supervised companies, determining the content and scope of the inspections before indicated.

**GRAL LAW.** Arts. 90, 134, 138, (1 a), 142(3), 180, 350, 359, 360, 367 (7), 372.

**Article 358º.- COMMUNICATION TO THE PUBLIC PROSECUTOR’S OFFICE**
The Superintendent will advise the Public Prosecutor’s Office of the criminal offenses that have been detected during the inspections practiced to the institutions submitted to his control.

**GRAL LAW.** Arts. 347, 350, 357, 359.
**C.P.** Art. 407
**L.O.M.P.** Arts 1, 11.

**Article 359º.- REPORTS**
The examinations to which reference is made in this law shall be used to prepare written reports. The content of these reports shall be made available to the supervised company as determined by the Superintendent, in order for it to adopt the pertinent corrective measures within the term set forth to that effect with the intervention of its highest governing body. Due to their confidential nature, said reports may not be used by the parties as evidence in judicial or arbitration courts.

The Superintendent may provide the Central Bank with copies of the written reports required by it for due compliance with the functions attributed to it by the Constitution and the Law.

**CONST.** Art. 84
**GRAL LAW.** Arts. 90, 142, 180, 357, 360, 372, 1ª F. and C. Disp.
**L.O.B.C.R.** Arts. 24 (j), 97.
**D.S.Nº 043-2003-PCM Arts 17(6), 18**

**Article 360º.- PROHIBITION OF REVEALING RESULTS OF THE REPORTS.**
All employees, delegates, agents or persons rendering services to the Superintendency, Central Bank, auditing companies, and risk rating companies, are prohibited to reveal the information obtained in the performance of their functions to third parties.

Those violating the prohibition set forth in this article shall incur in a major offence and in the crime typified in article 165º of the Criminal Code.

**GRAL LAW.** Arts. 140, 141, 357, 359, 372.
**C.P.** Art. 165.
**L.O.B.C.R.** Art. 41.
CHAPTER III
SANCTIONS

Article 361°.- SANCTIONS 136

The Superintendency according to the seriousness of the infraction committed, will apply the following sanctions:

1. Admonition.
2. Fine to the company in an amount not less of ten UITs or larger than two hundred, unless the present law indicates in an specific way, a different amount.
3. Will give a fine to the director or responsible worker, not less than five points UIT or bigger than one hundred.
4. Suspension of the director or responsible worker, for a term not less than three days or larger than fifteen, and removal in case of relapse.
5. Destitution.
6. Disablement of the director or worker in the case they were responsible of the intervention or liquidation of the institution under their charge.
7. Prohibition of distributing dividends.
8. Intervention.
9. Suspension or cancelling of the operations authorization.
10. Dissolution and liquidation.

The application of the sanctions afore mentioned does not exonerate the infractors from the civil or penal responsibility if it were the case.

The sanctions foreseen in items 1, 2, 3, 4, 5, 6, and 7 of the present article will be imposed by the authorized functionaries. The scale of fines will be established by the Superintendency.

The infractions susceptible of sanction are the ones foreseen in the present law, and those that in a previous and general way and through regulations are typified by the Superintendency.

GRAL LAW. Arts. 20, 28, 52, 72, 81, 87, 92, 103, 114, 141, 217, to 220, 354(4), 355, 356, 358.

Article 362°.- A CONTENTIOUS ADMINISTRATAIVE CLAIM DOES NOT SUSPEND THE EXECUTION OF THE SANCTION.

The filing of a contentious administrative claim does not suspend the execution of the sanction.

If the fine were not paid within five days following its notification, it will be charged by enforced, being readjusted in function of the Index or Wholesale Prices that in all countries is published monthly by the National Institute of Statistics and Informatics, plus the corresponding legal interests.

GRAL LAW. Art. 361.
C.P.C. Arts. 540, 541, 542.
L.P.A.G. Art. 216.5.

136 Modified by Law N° 28184 published 02-03-2004, 09-02-2004
TITLE III
FROM THE ORGANIZATION

Article 363°.- SUPERINTENDENT.

The official of higher hierarchical level of the Superintendency is the Superintendent of Banking and Insurance. The Superintendent is appointed by the Executive Branch, the Congress of the Republic having to ratify said appointment.

The position of superintendent shall have the constitutional term of the government administration that appoints him/her, being able to be appointed for one or more successive periods. The superintendent shall continue in office until a successor is appointed. The superintendent is prohibited from engaging in any remunerated economic activity, with the exception of teaching.

If due to any reason the office for which the Superintendent is appointed is not completed, his/her replacement shall be appointed within sixty (60) days following discontinuance, the replacement having to be in office throughout the constitutional period that appointed him/her in agreement with the provisions of the preceding paragraphs.

CONST. Arts. 87, 101 (2)

GRAL LAW. Arts. 349 to 352, 356, 358, 359, 364 to 369, 374, 1\textsuperscript{a} F. C. Disp., Glossary (Superintendent).

Article 364°.- REQUIREMENTS TO BE SUPERINTENDENT.

The requirements to be Superintendent are the following:

1. To be a Peruvian citizen.
2. To be over thirty (30) years old.
3. To have specialized studies and experience of at least five years in economic, banking and financial matters.
4. To have an exemplary conduct and acknowledged solvency and moral standards.

Article 365°.- IMPEDIMENTS TO BE SUPERINTENDENT

The following are the impediments to be appointed as Superintendent:

1. To have direct or indirect participation in the capital or equity of any company subject to the supervision of the Superintendency.
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for
any legal purpose is Spanish as published in the Official Gazette.

2. To act as director, advisor, functionary or employee of companies subject to control of the
Superintendency.

3. To have been declared into bankruptcy, even when such process had been discontinued.

4. To have been condemned for the commission of fraudulent crimes, even though he had
undergone his rehabilitation.

5. To have been disabled by the Superintendency as organizer, shareholder, director or manager of
the companies subject to its control.

6. To incur in any of the impediments stated in the present law to be organizer, shareholder,
director or manager.

7. To have been sanctioned by the Superintendency for acts of bad management in the direction or
administration of the companies subject to its control.

8. To have been discharged from a public position or been ceased by serious fault.

G R AL L AW.     Arts. 20, 52, 345, 361, 363, 364, 366.
C. P.            Arts. 11, 69, 70.
D. L EG 276     Art. 34.

A rticle 366º S ERIOUS FAULTS AND REMOVAL OF THE SUPERINTENDENT, FILE
AGAINST THE SUPERINTENDENT AND DEPUTY SUPERINTENDENTS

The following are considered serious faults of the Superintendent:
a) No adopting the necessary measures to sanction as applicable those who, without been
authorized, have performed activities of the companies subject to control of the
Superintendency.
b) Violations considered as prohibitions set forth in article 365º.

c) No apply the sanctions referred to in article 361º, when counting with the information that
duly demonstrates the infringement committed.

Superintendent’s removal must be done by the Congress, under their own initiative, or
requested by the Executive Branch, in the following cases:

1. When, in the performance of his/her functions, he/she has incurred in serious defaults
duly proved and grounded.
2. When in absence of the reasons referred in the preceding point, a final arrest will be
issued against the Superintendent.

137 Modified by Law Nº28755, published on June 6, 2006
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

Any criminal complain is filed against the Superintendent of Banking, Insurance and Private Administrators of Pension Funds or against the Deputy Superintendent should be directly filed before the Attorney General, who shall be the only claimant of the criminal suit against them. In case the complaint is founded, the Attorney General shall submit directly to the Specialized Court of the Superior Court of Lima, which has to be involved in first instance. The sentence may be appealed before the Supreme Court of Justice, which shall act as the revising and final instance.

The procedure disposed in the afore paragraph also apply to former Superintendents or former Deputy Superintendents, who shall be penaltly accused when this law enters into force, for the presumed guilties commission in the excercise of their functions and as far as five years after leaving the position.

CONST. Art. 100
GRAL LAW Arts. 11, 351, 352, 361, 363, 364, 365.
L.O.M.P. Arts. 1, 11
L.O.P.J. Arts. 31, 41 (4)

Article 367º FACULTIES OF THE SUPERINTENDENT.

For administrative management of the Superintendency, the Superintendent is authorized to:

1. To determine and amend the organic structure of the Superintendency.
2. To approve and amend the regulations of organization and functions of the Superintendency and other rules required for its normal and efficient performance.
3. To program, formulate, approve, execute, extend, modify and control the annual Budget of the Superintendency.
4. To appoint the officials of high hierarchy and delegate functions as necessary.
5. To appoint the official who must substitute him during absence or temporary impediment, or in case of cessation his position is not covered. This faculty cannot be executed in case a process for his removal has been filed, if such were the case it must be done by the Executive Branch.
6. To establish the amount starting from which the managers of the companies subject to the Superintendency’s control, must inform to their Board of Directors about the credits, guarantees, investments and sales that have been done.
7. To issue the dispositions that state an efficient coordination for the Superintendency work with the internal and external auditors of the companies under control, as well as the auditing societies and the risk classifiers societies.
8. To appoint, contract, suspend, remove or cease the staff of the Superintendency, as well as fix salaries and delegate attributions to any of them.
9. To enter into contracts and other acts required for the normal development of the activities of the Superintendency, including those to provide services for the performance of specific works, except an express delegation.
10. To enter into agreements with State organizations or other institutions of bank supervision, financial and overseas insurance, for training and interchange of information regarding supervision matter.
Waiver of Responsibility

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11. Any other that contributes to the efficient accomplishment of the Superintendency objectives.

12. Others stated by this law and the dispositios that rule other institutions subject to control by the Superintendency.

CONST. Art. 87
GRAL. LAW Arts. 77, 78, 93, 136, 138, 180, 349 to 352, 363 to 366, 371, 373, 374, 381.

Article 368º.- PROCEDURAL POWERS OF THE SUPERINTENDENT

The procedural powers that the Superintendent confers on any worker of the Superintendency are not subject to the formalities provided for by article 72 of the Civil Procedures Code for purposes of granting them. Thus, for the power to be effective, it shall be sufficient for it to appear in a Resolution that is duly signed and sealed by the Superintendent.

Except as provided to the contrary by the Superintendent, it is assumed that the powers conferred by it contain all the general and special powers to litigate, the principle of literalness contained in the second paragraph of article 75 of the Civil Procedures Code not being applicable for this effect.

GRAL. LAW Arts. 349, 367
C.P.C. Arts. 69, 72, 74, 75

Article 369.- ADMINISTRATIVE INSTANCES

Every Administrative Resolution issued by the Superintendency under exercise of its attributions may be object of reconsideration before the functionary who issued it and can be appealed before the Superintendent who constitute the last and second instance, in the terms established by the General Law of Administrative Procedures.

This regulation is not applicable to resolutions issued by the Superintendent with conscience of criteria, in the cases of exception foreseen in this law.

Resolution issued by the Superintendent means end of administrative procedures.

GRAL. LAW Arts. 349, 362, 367, Glossary (Resolution issued with conscience of criterion).
L.P.A.G. Arts. 208, 209

Article 370º. - 138

TITLE IV

ABOUT ADMINISTRATIVE AND ECONOMIC REGIME

CHAPTER I
ABOUT PERSONNEL REGIME

Article 371°.- LABOR REGIME
The personnel of the Superintendency is comprised by the labor regime of the private activity, wherefore their labor rights are exclusively regulated by that legislation.

The rights and obligations of the personnel shall be established in the Internal Work Regulations approved by the Superintendent. Said norm shall additionally establish the prohibitions for the personnel.

GRAL LAW. Arts. 345, 363, 366, 367 (8), 372
D.S. 03-97-TR

Article 372° NON DISCLOSURE OF INFORMATION.
It is forbidden for all employees, delegates, agents or persons under any title, that work for the Superintendency, to reveal any detail about the reports issued, or to give information to any stranger of any fact, business or situation of which he/she has taken knowledge in the performance of his/her position.

GRAL LAW. Arts. 140 to 143, 359, 360, 371

CHAPTER II
ABOUT ECONOMIC RULES

Article 373°.- BUDGET OF THE SUPERINTENDENCY.

The budget of the Superintendency shall be approved by the Superintendent of Banking and Insurance, who shall be responsible for the administration, execution and control thereof, and be covered by means of advance quarterly contributions on account of the supervised companies.
The General Comptrollership shall be responsible for the control of the execution of the budget of the Superintendency.

CONST. Art. 77, 87
GRAL LAW. Arts. 346, 367 (3), 374

Article 374°.- CONTRIBUTIONS OF THE SUPERVISED COMPANIES.

The contributions that must be effected by the supervised companies are established by the Superintendent on a quarterly basis, as follows:

1. In the case of companies of the financial system in proportion to the quarterly average of their assets without exceeding one fifth of one percent, as previously determined by the Superintendency.
2. In the case of insurance and reinsurance companies, in proportion to the premiums retained during the preceding quarter, without exceeding six percent of the amount of said premiums.
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

3. In the case of life insurance companies, in the proportion indicated in point 1 of this article.
4. In the case of other institutions or persons subject to its control, equitably, in agreement with the stipulations set forth by the Superintendent by means of a general provision, taking into account the volume and nature of their operations and the limitations contained in the special laws.
5. In the case of companies that have operated during part of the preceding quarter, equitably, in agreement with the stipulation set forth by the Superintendent by means of a general provision, based on the capital and reserves of the respective company.

In exceptional cases, the Superintendency may increase said contributions when the circumstances so require it. Such funds shall not be included in the General Budget of the Republic. The contributions are paid within ten (10) days following the publication of the Superintendency Resolution.

In case of default in payment, the amount of the contributions shall accrue the average lending interest rate in domestic currency, published by the Superintendency during the period of default.

If there were a balance resulting from the contributions at the end of the budget year, the Superintendent shall transfer the balance not pledged to a special account, which may be used to cover the expenses corresponding to subsequent years.

GRL. LAW Arts. 6, 346, 367 (3), 373

FIFTH SECTION
SUSPICIOUS FINANCIAL TRANSACTIONS

Article 375: IDENTIFICATION OF CLIENTS AND MAINTENANCE OF REGISTERS.

1. Companies of the financial system must maintain nominative accounts. Can not maintain anonymous accounts, nor accounts with fictitious or unexact names.

2. Companies of the financial system must register and verify by trustable ways, persons identity, representation, residence, legal capacity, occupation, and social object, as well as other information of their identity, even if they are occasionals or usual clients, through documents as Identity Card, Passports, Acts of Birth, driving licenses, social contracts or statutes, or by any other official or private documents whenever commercial relations are established, specially when opening of accounts, bank book, fiduciary negociations, rental of safety deposit boxes, or the execution of cash transactions of important amounts in accordance with the Superintendency.

3. Companies of the financial system must adopt reasonable steps to obtain and retain information about the real identity of persons that will be favored with a bank account or a commercial transaction, whenever a doubt arises about such clients not acting in their own benefit, specially juridical persons that do not carry financial or industrial commercial operations, in a place where they do not have personal or commercial addresses.

4. Companies of the financial system must maintain, during the aplicability of an operation and at least for ten years from the financing of the transaction, information registers and documents required in this article.
5. Companies of the financial system must maintain identification registers of their clients, account files, and commercial correspondence as determined by the Superintendency, at least during ten years after the account has been closed.

6. Companies of the financial system must also maintain registers to allow the reconstruction of the financial transaction that exceeds a given amount fixed by the Superintendency, during ten years after the conclusion of the transaction.

**GRAL LAW.** Arts. 1, 2, 140, 179, 183, 376 to 381, 14. F. and C. Disp.

**LAW 27693**

**AC. PERU – U.S.A.**

**Article 376° - AVAILABILITY OF REGISTER.**

1. Companies of the financial system must comply, between a determined period of time, the request of information sent by the appropriate authorities in regard of the information and documentation referred in the foreseen article, so they can be used in research or enquiries of penalty, civil or administrative procedures, as it corresponds, related to a crime of illicit drug traffic or crimes.

Companies in the financial system may not inform any person, except a court, competent authority, the Financial Intelligence Unit or other person authorized by the legal provisions, the fact that a piece of information has been requested or provided to the court or competent authority.

2. The competent authorities may share foreign competent authorities, as provided for by law and in connection with illegal drug traffic or related crimes.

The competent authorities shall treat the information referred to in the present article as classified, except when information is necessary in criminal, civil or administrative procedures and investigations, as applicable, in connection to illegal drug traffic and related crimes.

3. The legal provisions regarding the banking secret do not constitute an impediment for fulfillment of this article, when the information is required or shared by the competent authority.

**GRAL LAW.** Arts. 140, 142, 143, 183, 358, 375, 377 to 380, 14 F. and C. Disp.

**C.P.** Arts. 296, 296-A, 296-B

**LAW Nº 27693**

**Article 377°.- CASH TRANSACTION REGISTER AND NOTIFICATION.**

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139 Paragraph amended by Law Nº 27693 of April 11, 2002
1. Every company of the financial system must register, in a format designed by the Superintendency, every cash transaction in domestic or foreign currency that exceeds a specific amount according with the provisions issued by it;

2. The form referred to in the foreseen paragraph shall contain, at least, the following information related to each transaction:

   a) The identity, signature or fingerprint of the person physically executing the transaction;

   b) The identity and address of a person on whose behalf the transaction is being performed;

   c) The identity and address of the beneficiary or receiver of the transaction, as applicable;

   d) The identity of the accounts affected by the transaction, if any;

   e) The type of transaction being performed, such as deposits, withdrawal of funds, currency exchange, cashing checks, purchases made with cashier’s check or payment orders or other payments and transfers made by or through the company;

   f) The origin of the currency, national or foreign money, in which the transaction will be done. For these effects, the company can require to its clients an affidavit of the origin of the funds, as applicable;

   g) The identity of the company in the financial system where the transaction was made.

   h) Date, time, and amount of the transaction.

The characteristics and models of the forms will be determined by the Superintendency.

3. Such register shall be accurately and fully kept by the company of the financial system on the date in which the transaction is executed and is kept during a term of ten years as from the date thereof.

4. 

5. In transactions executed by own account between companies of the financial system, that are subjected to supervision by the Superintendency, the registration is not required as referred to in this article.

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140 Numerical amended by Law Nº 28306 published July 29, 2004
141 Numerical amended by Law Nº 28306 published July 29, 2004
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

6. Those registers shall be at the disposal of the court or competent authority, as provided for by law, for use in criminal, civil or administrative proceedings and investigations, as applicable, involving illegal drug traffic and related crimes.

7. When it is considered convenient, the Superintendency may establish that the companies of the financial system submit within the term specified, the form referred to in numerals 2 and 3 of this article. This form may be used as an element of proof, or official report and is used for the same purposes stated in item 6 of this article.

8. The companies of the financial system may not inform any person whatsoever, other than a court, competent authority or other person authorized by law, the fact that information has been requested or provided to the court or competent authority.

9. When the information is requested by or shared with a court or competent authority, the legal provision concerning the bank secret or confidentiality does not constitute an impediment for compliance with this article.

GRAL LAW. Arts. 140, 142, 143, 358, 375, 376, 378 to 381, 14ª F. and C. Disp.
LAW 27693
C.P. Arts. 296

Article 378°.- REPORTING SUSPICIOUS FINANCIAL TRANSACTIONS.

1. The companies of the financial system should pay special attention to any complex, peculiar and significant transaction, whether effected or not, and to all atypical transaction patterns and non-significant but periodic transactions without an economic or evident legal foundation.

2. Whenever it is suspected that any of the transactions described in paragraph 1 foreseen in this article, may constitute or involve illegal activities, according to their good criteria, companies in the financial system shall report so immediately to the Financial Intelligence Unit of Peru. Such communication is ruled by Law Nº 27693 and will be sent through the Compliance Officer, who will use his identification code or secret clue, on behalf of the company of the financial system.

3. Companies of the financial system that inform the Financial Intelligence Unit of Peru about the suspicious financial transactions described in the present Law and in Law Nº 27693, as well as their shareholders, directors, officers, employees, workers or third parts, with professional links to the obligated subjects, under responsibility, are forbidden to inform any person, entity or organism, including their own supervisory bodies, by any mean or form, the fact that information has been requested and / or proportioned by the Financial Intelligence Unit of Peru, except under request of the jurisdictional body or competent authority according to law.

142 Numeral ammended by Law Nº 28306 published July 29, 2004
143 Numeral ammended by Law Nº 28306 published July 29, 2004
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

4. Companies of the financial system and their employees, officials, directors and other legally authorized representatives are exempted from responsibilities of criminal, civil or administrative nature, as applicable, for non-compliance with this article or for the disclosure of information which restriction is established by a contract or is set forth in any legal, regulatory or administrative provision, irrespective of the outcome of such action.

GRAL LAW. Arts. 140, 142, 143, 358, 375, 376, 377, 379, 380, 381, 14ª F. y C. Disp.

LAW 27693 Arts. 8º and 9º
C.P. Arts. 296, 296-A, 296-B
D. LEG. 986

Article 379º.- RESPONSIBILITIES OF COMPANIES OF THE FINANCIAL SYSTEM.

1. Companies of the financial system, their employees, executives, directors or other authorized representatives that, acting in their condition, participate in drug traffic or related crimes, shall be subjected to more severe sanctions.

2. Companies of the financial system are responsible, by law, for the acts of their employees, executives, directors or other authorized representatives that, acting in their condition as such, participate in the commission of the crimes set forth in article 396º B, of the Criminal Code. This responsibility may determine, among other measures, the imposition of a fine or the suspension of revocation of the authorization for operation.

3. The employees, executives, directors of other authorized representatives of companies of the financial system that, acting in their condition as such, deliberately fail to comply with the obligations set forth in articles 375º and 378º, or that forge or adulterate the records or reports referred to in said articles.

4. Without prejudice of the criminal and civil liabilities that could correspond in relation to illegal drug traffic and related crimes, the companies of the financial system that do not comply with the obligations referred to in articles 375º to 378º and 380º, shall be sanctioned, among other measures, with the imposition of a fine, the temporary prohibition of effecting transactions or the suspension or revocation of the authorization for operation.

GRAL LAW Arts. 87, 92, 361 (9), 375 to 378, 380, 381, 14ª F. and C. Disp.
C.C. Art. 1981
C.P. Arts. 99, 104, 105, 296-A, 296-B
D. LEG. 986

Article 380º.- PROGRAMS OF STRICTED ADHERE BY THE FINANCIAL SYSTEM COMPANIES
1. Companies of the financial system shall adopt, develop and execute programs, rules, procedures and internal controls in order to prevent and detect crimes set forth in articles 296-B of the Criminal Code. These programs shall, at least, include:

   a) The establishment of procedures that ensure a high degree of integrity of the personnel and a system to evaluate their personal, labor and capital background;

   b) Permanent personnel training program such as “know your client* and instructions regarding the responsibilities set forth in articles 375º to 378º;

   c) An independent auditing mechanism to verify compliance with the programs.

2. Companies of the financial system shall moreover appoint executive at managerial levels in charge of controlling compliance with the internal programs and procedures, including maintenance of the adequate registries and report of suspicious transactions. Such executives constitute a link between the competent authorities.

Article 381º.- POWERS OF THE SUPERINTENDENCY.

1. Pursuant to the law, the Superintendency is authorized to:

   a) Grant, refuse to grant, suspend or cancel the authorization for operations of the companies of the financial system;

   b) Adopt the necessary measures to avoid and/or prevent incompetent persons from directly or indirectly controlling or participating in the management, administration and operation of a company of the financial system;

   c) Examine, control or inspect the companies of the financial system and regulate and supervise the effective fulfillment of the obligations of registration and reports set forth in the foreseen paragraphs;

   d) Verify, through regular examinations, that the companies of the financial system have and apply to programs of compulsory fulfillment;

   e) Provide the competent authorities with the information obtained from companies of the financial system in agreement with articles 375º and following; including those resulting from the examination of any of them;

   f) Issue instructions or recommendations that help companies of the financial system to detect suspicious models in the behaviour of their clients. These guidelines are developed taking into account the modern and secure techniques for the management of actives, and should serve as an educational element for the personnel of the companies of the financial system;

   g) Cooperate with other competent authorities and provide them technical assistance, within the Framework of the investigations and processes regarding illegal drug traffic and related crimes.
2. According to law, the Superintendency shall closely cooperate with the competent authorities of other States in the investigations, processes and acts referred to illegal drug traffic and related crimes.

   GRAL LAW.    Arts. 2, 6, 20, 23, 28, 81, 92, 134 (2), 140, 349, 356, 358, 361, 375 to 380, 14ª F. and C. Disp.
   C.P.        Arts. 296, 296-A, 296-B
   LAW          27693

COMPLEMENTARY AND FINAL DISPOSITIONS

FIRST:

The Central Bank and the Superintendency must make the appropriate coordinations in order to fulfill the recommendations of the Political Constitution of Perú.

The Superintendent shall attend, at least, once every three months the Board of Directors of the Central Bank, in order to make the necessary exchange of the proper information of his functions.

   CONST.    Arts. 84, 87
   GRAL LAW.    Arts 2, 6, 19, 30,32,38,39, 95, 98, 103, 124, 164, 214, 216, 345, 349 (16), 359, 20ª F. and C. Disp., 23ª F. and C. Disp.
   L.O.B.C.R.    Arts. 2, 8, 24 (i, j) 96, 97.

SECOND:

The Superintendency and CONASEV must make the appropriate coordinations in order to fulfill with the supervision assigned by their correspondent laws.

The Superintendent must assist at least every three months to the Board of Directors of CONASEV, in order to make the necessary interchange of information about the financial situation and capital markets.

   GRAL LAW.    Arts. 35, 54, 232, 22ª F. and C. Disp.
   L.M.V.        5ª Final Disp.
   L.O. CONASEV    Arts. 1, 2

THIRD:

The financial leasing companies and general warehouses shall continue being regulated by their own laws, in all matters not expressly repealed by this law.

They shall be under the authority and control of the Superintendency whether they are subsidiaries of the companies of the financial system or not.

   GRAL LAW.    Arts. 16, 17, 29, 168, 221 (35), 223 (4), 224 (2), 282 (7).
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

LAW 2763
D. LEG. 299
D.S. 559-84-EF.

FOURTH:

In every penal accusation presented to court against an enterprise of the Financial System and Insurance or their representative, as well as any other supervised, the authority who takes knowledge of the accusation must solicit the technical report from the Superintendency, under responsibility, as soon as it knows of the accusation.

GRAL LAW. Arts. 87, 92, 141, 379.

FIFTH:

The Municipal Popular Savings Institutions and Municipal Credits and Savings Institutions shall continue being regulated by the provisions contained in their respective laws, except with regard to the risk weighting factors, minimum capitals, effective equity, limits and levels of provisions established by this law as a guaranty for the savings of the public, and the requirement of their conversion into corporations without the need of a plurality of shareholders.

In agreement with the provisions of article 2 of Law N°26483, amendment to the Organic Law of Municipalities, the Municipal Councils shall appoint their representatives for the directive committee of the Corresponding Bank, all of who shall not be governors.

The norms contained in the Business Corporations Act shall be applicable for the election of the Board of Directors, once private third party shareholders have acquired the majority of the shares of the respective fund.

GRAL LAW. Arts. 12, 13, 16, 18, 221 (23, 29, 39) 282 (4, 5), 5ª F. and C. Disp., 13ª Tran. Disp. , 14ª Tran. Disp.
LAW 19769
D.S. 157-90-EF.

SIXTH

The regulations of articles 167, 168 and 171 are of general application, even should the credit instrument or real or personal guarantee, referred to in said regulations, not have been received by a company of the financial system.

GRAL LAW. Arts. 171
L. DE T.V. Arts. 49, 61, 62, 139

SEVENTH:

The Superintendency will promote the constitution of arbitration courts of justice that, integrated by persons of recognized moral and professional capacity, may solve controversies that arise between the companies of the Financial and Insurance System or among these ones and their clients.
**Waiver of Responsibility**

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

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**Eighth:**

It is established that the transfers of mortgaged real property in favor of companies, whether by means of judicial auction or direct adjudication, shall not be subject to the provisions of item 1 of article 1708 of the Civil Code, unless the respective leasing agreement was registered prior to the date of constitution of the mortgage guaranty.

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**Ninth:**

The Glossary that appears in an Annex forming an integral part hereof is hereby approved.

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**Tenth:**

Andean multinational companies engaged in banking activities are governed by Decision 292 of the Commission of the Cartagena Agreement, without prejudice of the compliance with the provisions regulating the activity of companies and other pertinent provisions of this law.

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**Twelfth:**

The companies engaged in rendering money and securities transportation services shall require the authorization of the Superintendency and Ministry of Internal Affairs.

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**Thirteenth:**

The provisions contained in this law are of supplemental application by COFIDE as long as they do not alter the quality as a second floor bank of development established in its article of incorporation. In the same way, these dispositions are of supplementary application for MIVIVIENDA S.A. Fund as

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144 Arrangement derogated by D. Leg. 1028, published on June 22, 2008 and in force since December 1, 2008.

145 Modified by the Law Nº 28579 dated July 8, 2005.
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

far as they do not contravene with the disposition of its Law of Conversion, nor change his quality of specialized entity in the development of the mortgage market. Likewise, Banco de la Nación, in its condition of corporation of public law is regulated by its article of incorporation and is subject to the provision contained in the article 33º.

The mentioned institutions are excluded from the Deposit Insurance Fund.

MIVIVIENDA S.A. Fund may operate simultaneously as fiduciary and trustee. This entity may operate as fiduciary in securitization trusts, not being of applicable the disposition of article 224º, item 6, and the last paragraph of article 242º of this law.

GRAL LAW. Arts. 7, 33, 145, 242
D.L. 25694 Art. 3
LAW 16000
LAW 28579 Arts. 3 (f), 3 (g).
D.S. 07-94-EF

FOURTEENTH:
The Superintendency regulates the procedures established in the Fifth Section of this Law in order to assure compliance with its objectives.

GRAL LAW. Arts. 140, 349 (9), 375 to 381

FIFTEENTH: [46]

SIXTEENTH:
The Guarantee Fund for the Small Industry – FOGAPI, is subject to the risks weighing factors, effective equity, limits and provision levels, established by this law, as well as the supervision of the Superintendency. The term for suitability will be ninety days.

GRAL LAW. Arts. 132(4), 133, 184, 185, 186, 198, 199, 200, 203.

SEVENTEENTH:

Multinational Banks established under the protection of the Decree Law 21915 that are operating now, that do not choose to adecuate themselves to the general terms contained in this Law, must be ruled under the following terms:

1. Financial institutions of investment or credits, insurance, re-insurance, public or private, with acknowledged solvency in their own country can only be shareholders of multinational banks.

2. The minimum subscribed capital of multinational banks is fifty millions U.S. Dollars or its equivalent in other currency of free conversion. The paid-up capital must be not less than fifty percent of this amount.

3. Multinational banks are incorporated with the participation of overseas capitals and have the purpose to promote and take part in all type of bank and financial operations, investment and development of businesses, services and other activities related in the country and overseas.

4. The Banks incorporated as multinational banks are considered foreigners as well as their investment and credits in the country, when done with resources originated overseas.

5. Multinational banks may execute savings and loan operations pertaining to banking or financial companies in the domestic market provided they allocate from its paid-in capital, a sum of money in cash not less than the minimum legal required for the bank companies, and must maintain such resources in the country.

6. For the establishment, transfers or closing of branches or agencies of multinational Banks within the country, a previous authorization of the Superintendency is required, same that is granted taking into consideration the general and local economic and financial conditions, with a previous report of the Central Bank. In case of branches or agencies outside the country, it is only necessary to inform it to the Superintendency.

7. The accounting books and registers required by Peruvian legal provisions, must be kept in Spanish, and can be also held in the foreign language established by their articles of incorporation.

8. Separate accounts must reflect the operations, incomes and expenses originated in extra territorials activities and those fulfilled in the country.

9. The operations fulfilled in the internal market must be registered in national currency and may be maintained in foreign currency in auxiliary registers.

10. The consolidated financial statements may be done and presented in the currency established by the respective articles of incorporation.

11. In the case that the multinational bank has its main office in another country, the provision set forth in article 39º a) of this law will be applicable.

12. When the multinational bank has its main office in Peru, it shall be regulated by the provisions in the following order:
   a) The rules contained in this final disposition;
   b) Other rules contained in this law;
   c) The rules contained in its article of incorporation.

13. When the multinational bank has its main offices outside Peru, and has a branch in Peru it will be ruled by the provisiones in the following order:
   a) In case of extraterritorials issues not jeopardizing public savings according to the rules established in its article of incorporation.
   b) In case of items that jeopardize public savings, according to the rules established in this law.
14. When the multinational bank has its main office outside Peru, it will be ruled as following by:

a) The regulations contained in their articles of incorporation.
b) The regulations contained in this final disposition, in what is concerned to information that must be submitted, as well as the authorizations that must be applied to the Superintendency;
c) In case the multinational bank has its main office in a country where it is not subject to a regulation equivalent to the one set forth in this law, the Superintendency may assume this supervision.

15. The multinational banks must submit to the Superintendency all kind of information and documents requested by this organization.

EIGHTEENTH:

The instruments issued for securitization or financial leasing bonds, by nature are not subject to advanced redemption and are traded in the secondary market.

NINETEENTH:

The provisiones contained in articles 52º and 55º of this law are not applicable to the participation of the financial system in COFIDE.

Likewise, excepted from the provisions of articles 53º and 55º of this law, the participation of the companies of the financial system, referred to in Supreme Resolution Nº 346-96-PCM, of September 27, 1996, and in the loans and credits municipal Institutions, are not subject to the provisions contained in numeral 7 of the article 20º.

TWENTIETH:

In all foreseen cases provided in this law, where the Central Bank has to issue an opinion, this will be considered favorable to, if in a term of thirty days a report is not submitted.

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147 Modified paragraph by the Law Nº 27102, of May 5, 1999.
Waiver of Responsibility
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GRAL LAW. Arts. 19, 30, 38, 39, 124, 186, 188, 214, 349 (16), 359, 1ª F. and C. Disp., 23ª F and C. Disp.
L.O.B.C.R. Arts. 24 (i,j) 97.

TWENTY-FIRST:

The risks rating companies referred in this law are those regulated by the Securities Market Act, as well as other similar ones incorporated overseas previously qualified by the Superintendency.

GRAL LAW. Arts. 136, 140 (3), 349 (17), 360, 367 (7)
L.M.V. Arts. 269, 271

TWENTY-SECOND:

By dispositions of general character, CONASEV will established the linking criteria of direct and indirect property and over economic groups in the matters regulated by the Securities Market Act.

GRAL LAW. Arts. 203, 2ª F. and C. Disp.
L. M.V. Arts. 8, 5ª Final Disp.

TWENTY-THIRD:

The coefficients to be used in the purposes foreseen in article 148⁰, may be changed by the Superintendency, with a previous opinion of the Central Bank.

L.O.B.C.R. Arts. 24 (i, j) 97

TWENTY-FOURTH:

1. Only the savings and credit cooperatives authorized by the Superintendency to receive money from persons other than their associates, as referred to in article 289 of this law, may operate with the resources of the public.

2. The control of the savings and credit institutions not authorized to operate with third parties corresponds, in the first instance to its surveillance council and general assembly of associates.

3. The supervision of the institutions referred to in item 2 shall be the responsibility of the National Federation of Savings and Credit Institutions or other second class federations acknowledged by the Superintendency and those that voluntarily become affiliated.

4. With respect to affiliated institutions, the institution federations referred to in item 3 above, are empowered to:

a) Provide for any cooperative to adopt, within the term and in agreement with the conditions established, the necessary measures to reestablish an adequate level of solvency, to that end being able to vary their financial structure and reorganize its administration with the amendments required in their directive and managerial organs;
Waiver of Responsibility
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b) Collect from the institutions, all the information requested and demand that they present all types of documentation;

c) Effect external auditing to affiliated institutions;

d) Constitute a contingency fund for the financial support of the affiliated institutions; and

e) Provide all other services required by the member institutions of the respective federation.

5. The government organs of such federations referred to in points 3 and 4 above are the General Assembly, Administrative Council and Management.

6. The Superintendency supervises and controls the federations referred to in items 3 and 5 above and regulate the operations of the savings and credit institutions that are not authorized to operate with public resources. To that end, it is empowered to:

a) Collect, by means of said federations, information regarding any of said institutions;

b) Do inspection visits;

c) Provide for the adoption of the necessary measures to correct the equity or administrative deficiencies detected.

7. Savings and Credit Institutions not authorized to obtain resources from the public have the following characteristics:

a) Have a variable capital based on the amount of contributions of the institutions;

b) They may only obtain resources from their members;

c) They may only grant credits to their members;

d) They may not be authorized to receive resources from the public.

e) The deposits of its members are not included within the Deposit Insurance Fund system to which this law makes reference;

f) They are regulated by the General Institution Act and complementary and amending provisions.

8. Those who have been found to be administratively or criminally responsible for acts of bad management may not be elected or appointed directives and officials, respectively, of the cooperatives and central savings and credit institutions referred to in this final provision.

GRAL LAW. Arts. 16 (A), 18, 144, 282 (11), 289, 5ª Disp. Trans.

D.S. 74-90-TR.

TWENTY-FIFTH:

Repeal Legislative Decree Nº770, as well as Law Decrees Nos. 12813, 25987 and 25612 and complementary and amending provisions.

Repeal articles 10, 31, 32, 33, 34 and 35 of Maritime Mortgage Act Nº 2411, as well as the First Complementary Provision of Legislative Decree Nº 857. Maritime mortgages shall be regulated by the general provisions of the Civil Code on mortgages, and by the norms contained in article 170 of this law, article 6 of the Tax Code enacted by Legislative Decree Nº 816, and, as applicable, by the Equity Restructuring Act, enacted by Legislative Decree Nº847.

Repeal items 2, 4 and 7 of article 73 and article 74 of the General Cooperatives Act, comprised by the Single Restated Text approved by Supreme Decree Nº 074-90-TR, Law Decree Nº 26091, and, in general, all provisions that oppose or contravene the provisions hereof.

GRAL LAW. Arts. 170, 177

C.C. Arts. 1097 to 1122
Waiver of Responsibility
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C.T. Art. 16
D. LEG. 847
D. LEG. 857

TWENTY-SIXTH:148
The Public Records Office must register upon presentation, the resolutions issued by the Superintendency according to articles 99° of point 2, 107° numeral 1 and 355°. Likewise, for the purpose stated in numeral 3 of article 99°, dispositions of the Securities Market Act, are not applicable, in whatever they are opposed.

GRAL LAW. Arts. 99, 107, 355

TWENTY-SEVENTH:149
The rights and other goods acquired by third parties, in good faith during the intervention regime, are not matter of reinvindication, neither are objects of judicial or administrative impugnation. Certifications of the transferences issued by the Superintendency have enough merit to be booked in the corresponding Public Records Office.

GRAL LAW. Arts. 103 to 107

TWENTY-EIGHTH:150
With the purpose of facilitating the transfers provided for in article 107, or the processes provided for in articles 99 and 151, the Superintendency may, temporarily, provide for exemptions from compliance with some of the limitations set forth by this Law and other provisions that are applicable.

GRAL LAW. Arts. 99, 107, 151

TWENTY-NINETH:151
The supervised entities will have the right to be compensated by the Superintendency for any damage they may sufferer in their goods and rights, except in cases of force majeure, whenever the workers and/or the officers presumptively responsible would have acted with fraud or serious defaults in exercise of their function. In these cases, the Superintendency may act juridically against the workers and responsible officers, because of the damages, in the terms foreseen in article 238° of Law Nº 27444, General Administrative Procedures Act.

The preventive measures for a future compulsory execution, towards the goods of the workers and executives of the Superintendency, due to acts or omissions fulfilled in the exercise of their functions of regulation and supervision, according with this Law, only proceed if, through consent awarded or

148 Created by Law Nº 27102 issued May 5, 1999
149 Created by Law Nº 27102 issued May 5, 1999
150 Incorporated by the Law Nº 27102 issued on May 5, 1999
151 Incorporated by the Law Nº 28755 issued on June 6, 2006
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

judgment, the Superintendency has been declared of civil responsibility by acts or omissions realized by the worker or officers from whom possessions are matter of affectation.

In every penalty accusation, interposed, against a worker or an officer of the Superintendency for acts or omissions fulfilled in the exercise of their functions of regulation and supervision, according to this Law, the authority, who becomes aware of this accusation and before any pronouncement, must apply to the Superintendency, for a technical report, that indicates the extent of the functions of the worker or officer involved.

What is disposed in this article does not enervate or weaken the attributions of the Congress of the Republic, nor the General Comptroller’s Department of the Republic, due to the fact that they must fulfill their functions of control and prosecution referring to the acts or omissions of the workers or officers of the Superintendency.

LPAG  Art. 238

THIRTIETH: 152

Without prejudice of what is established in this Law, the insurance companies and/or suppliers of services connected with insurances, residents in the territory of a country with which Peru maintains an International Trade which refers the contract of the following insurance services or related with the insurance:

a) insurances against risks related to:

i) maritime transportation, commercial aviation, launch (including satellite), that covers some or the totality of the following elements: commodities to be transported, vehicles which carry commodities and any responsibility derived from them; and,

ii) commodities in international transit.

b) services of reinsurance and retrocession;

c) consultants, actuaries, evaluation of risks and indemnity for sinisters; and

d) intermediation of risks insurance related to those listed on subparagraphs (a) and (b); may supply in Peru such services of insurance and related with insurance.

Without prejudice of other prudential regulation measures for the cross-border trade of the services mentioned before, the Superintendency may demand the register of the companies or transboundary suppliers and financial instruments, in order to fulfill what is set forth on the Thirty-Second Final and Complementary Disposition of this Law.

THIRTY-FIRST: 153

152 Incorporated by the Law Nº 1052 issued on June 26, 2008
153 Incorporated by the Law Nº 1028, issued on June 22, 2008, and in force since December 1, 2008
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

The authorization issued by the Superintendency for the expansion of operations of the financial system companies, in accordance with those disposed in articles 283º to 289º, will require previous opinion of the Central Bank, when related to the following operations:

a. Numeral 1 of article 221º: To receive deposits on sight
b. Numeral 2 of article 221º: To receive time deposits and savings, as well as in custody;
c. Numeral 3º of article 221º: To grant overdrafts or advances in checking accounts;
d. Numeral 30º of article 221º: To issue certified checks.
e. Numeral 30b) of article 221º: To issue payment orders.
f. Numeral 31 of article 221º: To issue traveler checks; and,
g. Numeral 16 of article 221º: To make operations with commodities and with derivative financial products, such as forwards, futures, swaps, options, credit derived or other instruments or derivative contracts.

THIRTY-SECOND:154

The Superintendency, according to what is practicable:

a) Will publish in advance, any regulation of general application related to matters of this law; as well as the purpose of these regulations.
b) Will give to interested persons, a reasonable opportunity to make comments to these regulations.
c) As soon as final regulations are adopted, will consider important comments received from persons involved, about the proposed regulations; and,
d) Will let a reasonable term pass, between the issue of the definitive regulations and its publication to enter in force.

The rules referred in articles 133º, 184º, 186º, 187º, 188º, 189º, 190º, 191º, 192º, 193º, 194º, 196º, 212º and 233º must be pre-issued in a term not less than ninety (90) calendar days before its definitive publication.

TRANSITORY PROVISIONS

FIRST:

This law will be in force the day after have been published in the Official Gazette “El Peruano”, except special terms established in this same law.

The companies of the financial and insurance system that are in business when this law is passed, must adequate their activities and rules to the provisions contains herein, within a six month period counted from the day it gets into force, except as otherwise provided for hereby.

In the case that, as a consequence of the application of the regulation concerning consolidated supervision, excesses of concentration of placements may result, the companies will adequate gradually the limits established in articles 202º to 211º of this law, at least by December 31, 2001. However, these concentration levels may not be increased.

154 Incorporated by the Law Nº 1028, issued on June 22, 2008, and in force since December 1, 2008
The saving and credit institutions working when this law gets into force and want to raise public resources, must adequate to this law. For that purpose, the amount of the cooperative reserves shall be deposited to the legal reserve account established hereby, being the regulation of article 44º of the Cooperatives Act, Single Restated Text approved by Supreme Decree Nº 074-90-TR, not being applicable.

The institutions reserves will be considered as part of the capital stock contributed by the members until the transformation date, being recognized in the proportional part of their funds, according to the contributions done to the cooperative. Such contributions shall represent social shares that may be freely transferred to a third parties.

GRAL LAW. Arts. 16 (A), 18, 289, 24º F. and C. Disp.
D.S. 74-90-TR.

SEVENTH:

155 Paragraph modified by the Law Nº 27102 of May 5, 1999
156 Two last paragraphs derogate by D. Leg. 1028, issued on June 22, 2008 and get in force since July 1, 2009
157 Disposition derogated by D. Leg 1028, issued on June 22, 2008 and get in force since July 1, 2009
158 Disposition derogated by D. Leg 1028, issued on June 22, 2008 and get in force since July 1, 2009
159 Disposition derogated by D. Leg 1028, issued on June 22, 2008 and get in force since December 1, 2008
Waiver of Responsibility

The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

Unless they adapt themselves to the general provisions contained in this law, the multinational banks actually operating will be subject to the regime specified in the final and complementary provision number seventeenth.

EIGHTH:

The liquidating process in course within the scope of the Liquidation Commission of the Legislative Decree Nº 770 shall be transferred to the Superintendency by June 30, 1997, at latest. For this purpose, the Superintendency shall issue the regulation in order that this transference may be done without affecting the realization of their respective assets actually in process. Such processes will be subject on charges in accordance to what is stated in article 115º.

GRAL LAW. Art. 115

NINOTH:

The Savings and Credit Rural Institutions shall register agriculture pledges of their property in the respective office of the Public Register in a term that cannot be extended from one hundred and eighty (180) days counted from the day of publication of this law. The agriculture pledges that are not registered within that term may not be opposed to other companies of the Financial System.

GRAL LAW. Art. 282 (3), 285

TENTH:

Cash transport, custody and related administration companies, as well as funds transfers companies actually in operations shall adequate to this law in a term established by the Superintendency. For this purpose, they will submit their respective plan to the Superintendency.

GRAL LAW. Art. 17 (2), 18, 12ª F. and C. Disp.

D.S. 05-94-IN

ELEVENTH:

When the State considers timely, it shall transfer the entire investments in the multinationals Banks created under the protection of Law Decree Nº 21915 and their transitory provisions thereof.

TWELFTH:

THIRTEENTH:

The procedure provided in article 79º related to the election of directors is not of applicable to the Municipal Saving and Credit Institutions, which shall be govern by their own laws.

GRAL LAW. Art. 79, 282 (4), 286

D.S. 157-90-EF

FOURTEENTH:

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160 Arrangement derogated by D. Leg 1028, issued on June 22, 2008 and get in force since July 1, 2009.
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

Municipal Savings and Credit Institutions and Municipal Popular Credit Institutions shall become stock companies within a term not exceeding twelve months counted as from the date of enforcement hereof. The requirement of plurality of shareholders shall not be applicable to said stock companies.

The respective Municipal Councils are authorized, with the prior opinion of FERPMAC, to agree on the participation of individuals or corporations in the stock of the corresponding Municipal Savings and Credit Institutions, preferably that of similar local and foreign institutions.

Moreover, the Municipal Councils are authorized to agree on the participation of individuals and corporations in the stock of the corresponding Municipal Popular Credit Institutions, preferably that of similar local and foreign institutions.

GRAL LAW. Art. 12, 13, 282 (4, 5), 286, 287, 5ª F. and C. Disp.

FIFTEENTH:
The obligations issued earlier to the enactment of this law, guaranteed by the Deposit Insurance Fund shall continue to be guaranteed by it, until the date of its expiration.

On the other hand, deposits done to the Lima Municipal Popular Credit Institution before this law was in force shall continue excluded from the Deposit Insurance Fund.

GRAL LAW. Art. 134, 145, 152
D.S. 081-99-EF

SIXTEENTH: 161
The financial system companies different from the banking or financial companies, that up to the time this law passed were not classified according to the provision of article 136°, will have a term until July 31, 2010 in order to adequate to this article.

GRAL LAW. Art. 136

SEVENTEENTH:
The consumer credit companies incorporated during the effectiveness of Legislative Decree Nº 770, will have one year term to adequate to the rules of this law. In the meantime, they will be regulated by the rules of these companies contained in that Legislative Decree.

GRAL LAW. Art. 25ª F. and C. Disp.

EIGHTEENTH:
While the institutions of compensation and liquidation referred to in article 56° are not incorporated, the information referred in that article must be provided to the Superintendency by the entity that fulfills its duties.

GRAL LAW. Art. 56
L.M.V. Arts 223, 227, 234

NINETEENTH:

161 Modified by D. Leg. 1028, issued on June 22, 2008 and get in force since December 1, 2008
Waiver of Responsibility
The law and any other regulation translated into English are only referential. The official language for any legal purpose is Spanish as published in the Official Gazette.

162 The insurance system companies may grant financing of the insurance premiums until June 30, 2000.

The accounts receivable resulting from the financing above mentioned, do not constitute part of the investments of the solvency capital of the guarantee fund, nor of the technical reserves.

GRAL LAW. Art. 298, 305, 306

TWENTIETH:163
If at the time this disposition gets into force the companies registered surplus (excess) to the established limits in article 209º of this law, caused by financial renting operations, they must adequate in a term that does not exceed December 31, 2006, or December 31, 2004 having not surplus an amount equivalent to 70% of the effective equity, and at December 31, 2005 not to exceed 50% of effective equity. In case the surplus continue the companies cannot increase the levels of leasing operations existing at the time this provision gets into force.

GRAL LAW. Art. 209

TWENTY-FIRST:164

TWENTY-SECOND:165
The companies of the insurance system shall maintain equivalent of thirty five per cent (35%) of its solvency capital as a Guarantee Fund, while the corresponding regulation is issued.

GRAL LAW. Art. 298, 305, 311

TWENTY-THIRD:166
When a company is authorized to apply internal models for credit risks and maintain a part of its portfolio under the standard method, established in numeral 3, of literal B, article 184º, should be calculated in function of the assets and contingents (quota) risks-pondered by appropriate method."

TWENTY-FOURTH:167
The companies have a period of adjustment to gradually comply with the provision (supply) of the first paragraph of article 199º. For such purpose, the following schedule adequation must be adopted:

<table>
<thead>
<tr>
<th>TERM</th>
<th>CAPITAL REQUIREMENT</th>
<th>ASSETS MISURED BY TOTAL RISKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Assets misured by</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

162 Extended until June 30, 2002 by the Law Nº 27299 of July 6, 2000
163 Incorporated by the Law Nº 28184, issued on March 2, 2004
164 Disposition revoked by D. Let. 1028, issued on June 22, 2008 and get in force on July 1, 2009
165 Incorporated by D. Leg. 1028 issued on June 22, 2008 and in force since December 1, 2008
166 Incorporated by D. Leg. 1028 issued on June 22, 2008 and in force since July 1, 2009
167 Incorporated by D. Leg. 1028 issued on June 22, 2008 and in force since July 1, 2009
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<table>
<thead>
<tr>
<th></th>
<th>total risks</th>
<th>(Add)</th>
</tr>
</thead>
</table>
| To July 2009   | 9.5%        | 1. Requirement of effective equity for risk of market multiplied by 10.5  
|                |             | 2. Requirement of effective equity for operational risk multiplied by 10.5; and,  
|                |             | 3. Assets and contingent misured by credit risk                        |
| To July 2010   | 9.8%        | 1. Requirement of effective equity for credit risk multiplied by 10.2  
|                |             | 2. Requirement of effective equity for operational risk multiplied by 10.2; and,  
|                |             | 3. Assets and contingent misured by credit risk                        |
| To July 2011   | 10%         | 1. Requirement of effective equity for market risk multiplied by 10    
|                |             | 2. Requirement of effective equity for operational risk multiplied by 10; and,  
|                |             | 3. Assets and contingent misured by credit risk                        |

TWENTY-FITH: 168
The redeemable subordinate debt with less than five (5) and two (2) years to expire on July 1, 2009, will be subjet to the provision set forth in numerals 3 and 4 of article 233º."

ANNEX – GLOSSARY

- **Majority Shareholders**: Those that directly or indirectly have a participation of at least the equivalent to one sixth of the corporation capital.
- **Year**: The Gregorian year, according to the rules of article 183 of the Civil Code.
- **Central Bank**: Central Bank of Peru
- **Negotiable Portfolio**: All positions subject to market risks, within or outside the balance sheet, including instruments representing debts, capital, the positions subject to the risk of exchange and positions in commodities.
- **CONASEV**: National Supervisory Commission of Companies and Securities.
- **COFIDE**: Corporacion Financiera de Desarrollo S.A.

168 Incorporated by D. Leg. 1028 issued on June 22, 2008 and in force since July 1, 2009
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- **Commodities**: Primary or basic merchandize consisting of physical products that may be exchanged in a secondary market, including precious metals, but excluding gold, which is regarded as currency.

- **Financial Conglomerate**: Set of domestic or foreign companies that are engaged in financial, insurance and securities activities, including companies that are shareholders thereof, that are related amongst each other through direct or indirect, property, control, or common administration relations or other means that allow them to have a prevailing and continuous influence over the decisions of the Board of Directors, General Management or other directive organs of the companies that conform it.

- **Mixed Conglomerate**: Set of domestic or foreign companies integrated by, at least, a company that develops financial or insurance operations and others that develop non-financial operations, all of which are related amongst them through direct or indirect, property, control, or common administration relations or other means that allow them to have a prevailing and continuous influence over the decisions of the Board of Directors, General Management or other directive organs of the companies that conform it.

- **Payments Settlement and Mutual Credits**: That executed by the Central Banks of the member countries of the Latin American Integration Association (ALADI).

- **Official Gazette**: The Official Gazette “El Peruano” in the capital of the Republic and that in charge of the judicial publications in all other locations of the Republic.

- **Days**: Calendar days, unless specified that they are business days.

- **Companies**: The companies of the financial and insurance systems that are authorized to operate in the country as well as its subsidiaries, with the exclusion of those rendering complementary services.

- **Reinsurance Company**: That which grants coverage to one or more insurance companies or autonomous insurance equities for the risks assumed, in cases in which there are important capitals or when it is convenient for the latter due to their operational limits.

- **Insurance Company**: Company which objective is to make contracts under which it binds itself, under certain limits and in exchange for a premium, to indemnify a specific damage, or to satisfy a capital, income or other payments agreed in the case of occurrence of a specific incident or uncertain future.

- **Fund**: Deposit Insurance Fund

- **Financial Intermediation**: The normal activity consisting in the collection of funds, under any modality, and placement in form of credits or investments.

- **Solvency Margin**: The marginal support that insurance companies must have to face the possible situations of technically unexpected future casualties, determined based on the parameters set forth by the Superintendency.

- **Month**: The calendar, according to the rules of article 183 of the Civil Code.
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- **Ministry**: The Ministry of Economy and Finance.
- **Minister**: The Minister of Economy and Finance.
- **Financial Operations**: Those authorized for companies in agreement with the provisions of Section Two of this law, whether loan or deposit, service or investment operations.
- **Relatives**: Those having up to the second degree of consanguinity and first degree in affinity.
- **Accountable Equity**: The resources of the company, constituted by the difference between the assets and liabilities. It comprises the investments of shareholders or associates, additional capital (coming from donations and issue premiums) as well as from reserves, the capital being negotiated, accumulated results and net results of the fiscal year, net losses, if any. It does not include the subscribed capital as long as it has not been incorporated into capital.
- **Effective Equity**: It is the off-books amount which results from adding or subtracting the value of the different items that this law refers to from the accountable capital.
- **Life Insurance Lines**: Those which have as main coverage the risk that may affect the insured party during his life. This field also comprises the additional benefits that, based on personal health or accidents are included in the regular life insurance policies, insurance contracts which basis is a pension plan related to age or retirement of persons and those resulting from social security regimes. It does not include the insurances which main coverage are risks caused by accidents and diseases that do not cover the life of the insured party.
- **General Insurance Lines**: All lines not included in the life insurance lines.
- **Representative**: The representative, in the country, of a banking, financial and reinsurance company not domiciled in the country.
- **Resolution Issued Based on Conscience**: That which does not require an expression of cause or consideration and cannot be challenged. By nature it does not attribute any responsibility by means of its issue, which is effected in practice of the power and responsibility of safeguarding the public savings, conferred on the Superintendency by article 87 of the Political Constitution.
- **Credit Risk**: The risk that the debtor or counterpart of a financial contract does not comply with the contract conditions.
- **Market Risk**: The risk of having losses in positions on and off the balance sheet deriving from changes in the market prices. It includes risks pertaining to the instruments related to interest rates, exchange risk, quotation of stocks, commodities and so on.
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- **Financial System:** The set of companies that are duly authorized to operate in the financial intermediation. It includes the subsidiaries which organization must be authorized by the Superintendency.

- **Insurance System:** insurance and reinsurance companies that are duly authorized to operate in the country, and are differentiated from those operating in general risks and engaged in life insurance, as well as their subsidiaries, intermediaries and insurance auxiliaries.

- **Superintendency:** The Superintendency of Banking and Insurance.

- **Superintendent:** The Superintendent of Banking and Insurance.

- **Employees:** The managers, including the general manager, officials and other employees of a company in a position of dependency.

**CODES USED IN CONCORDANCE**

- BCR  Central Bank of Perú
- CONASEV  National Commission Supervisor of Companies and Values
- SBS  Superintendency of Bank and Insurance
- SUNARP  Superintendency of National Public Records Registraters
- CONST.  Constitution of Peru
- C.C.  Civil Code
- C.P.  Penal Code
- L.G.M.  Collateral Law
- L.G.S.  General Companies Act
- C. DE C.  Commerce Code
- C. T.  Tax Code
- C.P.C.  Civil Procedure Code
- L.M.V.  Securities Market Act
- L. DE T.V.  Credit Papers Act
- LG.S.C.  Bankruptcy Proceeding General Act
- I.R.  Income Tax
- I.G.V.  Sales Income Tax
- L.O.B.C.R.  Central Reserve Organic Bank Act
- L.O.CONASEV  CONASEV Organic Act
- L.O.M.  City Hall Organic Act
- L.O.M.P.  Public Prosecutor Organic Act
- L.O.P.J.  Judicial Court Organic Act
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- L.P.A.G. General Administrative Procedures Act
- REGL. CONG. Republic of Perú Congress Regulations
- R.U.U Uniform Uses and Rules compiled by the International Commerce Chamber
- COD.NIÑO Child and Adolescent Code
- R.U.A. Purchase Unique Regulation for Goods Supply and Non Personal Services Performance for Public Sector

- DECISION 292 Comisión del Acuerdo de Cartagena: Andean Multinational Companies Uniform Regulation
- D. LEG. Legislative Decree
- D.L. Law Decree
- D.S. Supreme Decree
- D.U. Urgency Decree
- REGL. Regulation
- R.S. Supreme Resolution
- R.M. Ministerial Resolution
- RES. Resolution
- CARTA CIR. Circular Letter
- OFICIO CIR. Circular Official letter
- ART. Article
- DISP. F. AND C. Final and Complementary Provision
- DISP. TRAN. Transitory Provision
- T.P. Preliminary Title

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