General Law of the Financial and Insurance Systems and Organic Law of the Superintendency of Banking and Insurance

Law Nº 26702

Monday, December 9, 1996

THE PRESIDENT OF THE REPUBLIC

WHEREAS:

The Congress of the Republic has decreed the following law:

THE CONGRESS OF THE REPUBLIC;

has decreed the following law:

GENERAL LAW OF THE FINANCIAL AND INSURANCE SYSTEMS AND

ORGANIC LAW OF THE SUPERINTENDENCY OF BANKING AND INSURANCE

PRELIMINARY TITLE

GENERAL PRINCIPLES AND DEFINITIONS

Article 1. SCOPE OF THE GENERAL LAW

This Law sets forth the regulatory and supervisory framework to which companies operating in the financial and insurance systems will be subject, including those carrying out activities which are similar or complementary to the corporate purpose of such entities.

Unless otherwise expressly provided, this Law does not affect the Central Bank.

Article 2. PURPOSE OF THE LAW

The main purpose of this Law is to tend towards the operation of competitive, solid and reliable insurance and financial systems that contribute to national development.

Article 3. DEFINITIONS

The terms and abbreviations used herein shall have the meaning indicated in the glossary attached hereto.

Article 4. SUPPLEMENTARY APPLICATION OF OTHER PROVISIONS

Commercial law and common law provisions, as well as business customs and practices, shall be of supplementary application to companies.

Article 5. TREATMENT OF FOREIGN INVESTMENT

Foreign investment in the companies shall have the same treatment afforded to local capital, subject to international agreements on the matter, if applicable.

When relevant, the Superintendency takes into account certain criteria inspired in the principle of reciprocity, when public interest is affected, as prescribed in Title III of the Economic System of the Political Constitution.

Article 6. PROHIBITION OF DISCRIMINATORY TREATMENT

The general provisions issued by the Central Bank or the Superintendency in the exercise of their powers may not include special treatment that differentiates between:

1. Companies of like nature.

2. Companies of a different nature, concerning the same type of transaction.

3. Companies established in Peru versus similar foreign co+mpanies.

4. Resident foreign individuals and legal entities versus Peruvian individuals and legal entities, with respect to the granting of loans.

Article 7. NON-PARTICIPATION OF THE STATE IN THE FINANCIAL SYSTEM

The State shall not participate in the financial system, except for its investments in COFIDE as a second floor bank. (*)

(*) Article amended by the Second Final Provision of Law Nº 27603, published on December 21, 2001, the text of which reads as follows:

"Article 7. Non-Participation of the State in the Financial System *The State shall not participate in the financial system, except for its investments in COFIDE as a second floor bank, in the Banco de la Nación and in the Banco Agropecuario."* **(*)**

(*) Article amended by the Third Final Provision of Law Nº 28579, published on July 9, 2005, the text of which reads as follows:

"Article 7. Non-Participation of the State in the Financial System

The State shall not participate in the financial system, except for its investments in COFIDE as a second floor bank, in the Banco de la Nación, the Banco Agropecuario and in the Fondo MIVIVIENDA S.A."

Article 8. FREEDOM TO USE RESOURCES AND RISK DIVERSIFICATION CRITERIA

The companies of the financial and insurance systems shall be free to use portfolio resources, with the limitations prescribed herein. They must observe at all times the risk diversification criteria, for which reason the Superintendency shall not authorize the incorporation of companies designed to support only one sector of the economy. (*)

(*) Article amended by the Second Final Provision of Law Nº 27603, published on December 21, 2001, the text of which reads as follows:

"**Article 8. Freedom to Use Resources and Risk Diversification Criteria**

The companies of the financial and insurance systems shall be free to use portfolio resources, with the limitations prescribed herein. They must observe at all times the risk diversification criteria, for which reason the Superintendency shall not authorize the incorporation of companies designed to support only one sector of the economy, except for the Banco Agropecuario."

Article 9. FREEDOM TO FIX INTEREST RATES, FEES AND CHARGES

The companies of the financial system may freely set interest rates, fees and charges with respect to their loans and deposit transactions and services. However, in the case of fixing interest rates, they must observe the limits set forth by the Central Bank from time to time in accordance with its Organic Law. The provisions of the first paragraph of Article 1243 of the Civil Code shall not be applicable to financial brokerage.

The companies of the insurance system may freely determined policy conditions, rates and other fees.

Interest rates, fees and other charges collected by companies of the financial and insurance systems, as well as insurance policy conditions must be made known to the public, in accordance with the regulations issued by the Superintendency.

REGULATORY COMPLIANCE: ***SBS Resolution Nº 1765-2005, Art. 4***

Article 10. FREEDOM TO CONTRACT INSURANCE AND REINSURANCE ABROAD

Peruvian residents may contract insurance and reinsurance abroad.

Article 11. ACTIVITIES REQUIRING AUTHORIZATION FROM THE SUPERINTENDENCY

Any individual or entity operating under the framework of the Law shall require the authorization of the Superintendency in accordance with the provisions of the Law. Accordingly, any individual or entity lacking such authorization shall be forbidden to:

1. Engage in the business of companies of the financial system, particularly to gather or receive funds from third parties in deposit, exchange, or any other form and to normally place such resources in the form of loans, investment or provision of funds under any contractual method.

*2. Engage in the business of companies of the financial system, particularly granting insurance coverage on its own and acting as a broker for Peruvian or foreign insurance companies, and other complementary activities.***(*)**

(*) Item amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008**, the text of which reads as follows:**

" 2. Engage in the business of companies of the financial system, particularly granting insurance coverage on its own and acting as a broker for insurance companies, and other complementary activities.**"**

3. Advertise that it carries out transactions and services which it is prohibited to perform pursuantto the preceding Items.

4. Use in its registered name, forms and generally in any means, any wording that would induce the public to believe that its business comprisesactivities 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 an individual or legal entity has incurred in the aforesaid infractions whenever, not having the authorization of the Superintendency, it has an establishment, where in some way:

a) Invites the public to provide money under any mechanism, or to obtain loans or financing; or

*b) Invites the public to directly or indirectly contract insurance coverage, or invites local or foreign insurance companies to hire its brokerage services; and***(*)**

(*) Paragraph amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

" b) Invites the public to directly or indirectly contract insurance coverage, or invites insurance companies to hire their brokerage services; y,**"**

c) Generally advertises through any means with the aforesaid purposes.

*Those infringing the above prohibitions shall be sanctioned in accordance with Article 246 of the Criminal Code.***(*)**

(*) Penultimate paragraph amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

" Those infringing the above prohibitions shall be sanctioned in accordance with the proper articles of the Criminal Code.**"**

The Superintendency shall have the obligation of ordering the intervention in any establishments suspected of carrying out the activities prescribed in this article without due authorization.

REGULATORY COMPLIANCE: SBS Resolution Nº 1797-2011, Art. 2 (Regulations for Registration of Insurance Intermediaries and Auxiliaries)

SECTION ONE

COMMON PROVISIONS FOR THE FINANCIAL AND INSURANCE SYSTEMS

TITLE I

INCORPORATION OF COMPANIES OF THE FINANCIAL AND INSURANCE SYSTEMS

CHAPTER I

METHOD OF INCORPORATION AND MINIMUM CAPITAL

Article 12. COMPANY INCORPORATION

Companies must be incorporated as limited liability corporations, except for those which nature would not allow. In order to start operations, their organizers must apply for an organization permit and business license from the Superintendency, and follow the procedure generally issued by the latter.

In the case of companies seeking transformation, conversion, merger or split, they must apply for the organization permit and business license for the new type of activity.

Article 13. CORPORATE BYLAWS

The deed of incorporation and corporate bylaws must be adapted to the Law in such manner that the companies will be obliged to comply with all their provisions, and must be registered with the corresponding Public Record Office.

Municipal savings and loan banks and municipal popular credit banks shall be governed by the applicable legislation and by the provisions of the Law.

Article 14. AMENDMENTS TO BYLAWS

All amendments to the corporate bylaws shall be subject to the stipulations of the first paragraph of the preceding article and must have the prior approval of the Superintendency, without which registration with the Public Record Office shall not be allowed. All amendments required by increases to the capital stock, as prescribed in the first paragraph of Article 62 and which nevertheless must be communicated to the Superintendency, are exempted.

The resolution must be issued within thirty (30) business days from the date of the application; otherwise, the proposed amendment shall be considered approved.

Article 15. NAME

Names of companies must include specific reference to the activity for which the company is incorporated, even in cases where the name consists of apocopes, abbreviations or is in a foreign language. The use of the word “central” is prohibited, as well as any other words which would cause confusion as to the nature of the company. It shall be mandatory for the name to expressly contain wording that will reflect the nature of the company.

It shall not be required to include the word "*Sociedad Anónima*" or the corresponding abbreviation.

Article 16. MINIMUM CAPITAL

As far as the operation of companies and their subsidiaries, it shall be required that their capital stock, contributed in cash, be at least as follows:

A. Multi-business Companies :

1. Banking Institution	:	S/. 14 914 000,00
2. Financial Institution	:	S/. 7 500 000,00
3. Municipal Savings and Loan Banks	:	S/. 678 000,00
4. Municipal Popular Credit Banks	:	S/. 4 000 000,00
5. Small and Micro Enterprise Development Company - EDPYME	:	S/. 678 000,00
6. Savings and Loan Associations authorized to take public deposits	:	S/. 678 000,00
7. Rural Savings and Loan Banks	:	S/. 678 000,00

ii REGULATORY COMPLIANCE

B. Specialized Companies :

1. Real Estate Capitalization Companies	:	*S/. 7 500 000,00*
2. Financial Leasing Companies	:	*S/. 2 440 000,00*
3. Factoring Companies	:	*S/. 1 356 000,00*
4. Surety and Bonding Companies	:	*S/. 1 356 000,00*
5. Trust Companies	:	*S/. 1 356 000,00***(*)**

(*) Paragraph amended by Article 7 of Law Nº 28971, published on January 27, 2007, the text of which reads as follows:

"B. SPECIALIZED COMPANIES

1. Real Estate Capitalization Companies	S/. 7 500 000,00
2. Financial Leasing Companies	S/. 2 440 000,00
3. Factoring Companies	S/. 1 356 000,00
4. Surety and Bondng Companies	S/. 1 356 000,00
5. Trust Companies	S/. 1 356 000,00
6. Mortgage Management Companies	S/. 3 400 000,00"

iii REGULATORY COMPLIANCE

C. Investment Banks: S/. 14 914 000,00

REGULATORY COMPLIANCE: SBS Resolution Nº 10440-2008, Articles 11, 16, Paragraph a) and 19, Paragraph b) (Regulations for Incorporation, Reorganization and Establishment of Companies and Representatives of Financial and Insurance Systems)

D. Insurance Companies

1. Companies covering only one line

(general risk or life) : S/. 2 712 000,00

REGULATORY COMPLIANCE: SBS Resolution Nº 10440-2008, Art. 56 (Extension of Insurance Lines)

2. Companies covering both lines

(general risk or life) : S/. 3 728 000,00

3. Insurance and Reinsurance Companies : S/. 9 491 000,00

4. Reinsurance Companies : S/. 5 763 000,00

iv REGULATORY COMPLIANCE

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

In order to incorporate companies providing complementary and similar services, the following minimum capital stock shall be required:

1. General Bonded Warehouses : S/. 2 440 000,00

2. Transport, Custody and Specie Management

Companies : S/. 10 000 000,00

3. Credit and/or Debit Card Companies : S/. 678 000,00

4. Clearing Houses : S/. 678 000,00(*)

(*) Item rendered ineffective by the Third Final Provision of Law Nº 29440, published on November 19, 2009**.**

5. Fund Transfer Companies : S/. 678 000,00

" 6. Companies emitting electronic money : S/. 2 268 519,00. The aforesaid capital corresponds to the 2012 october-december quarter and shall be subsequently quarterly updated according to the procedure set forth in Article 18 of Law 26702.**" (*)**

(*) Item added by the First Amendatory Provision of Law Nº 29985, published on January 17, 2013**.**

v REGULATORY COMPLIANCE

Article 18. UPDATING OF LIMITS

The figures stipulated in Articles 16 and 17 are stated in constant value and are updated quarterly on the basis of Wholesale Prices related to the entire country, as published monthly by the National Institute of Statistics and Information. Resulting figures shall be rounded up to the nearest hundred. October 1996 shall be used as a base factor.

vi REGULATORY COMPLIANCE

CHAPTER II

ORGANIZATION AUTHORIZATION

Article 19. COMPANY ORGANIZERS

All individuals and legal entities applying as organizers of the companies referred to in Articles 16 and 17 must be recognized for their moral integrity and financial capacity. There is no minimum number of organizers prescribed; however, at least one of them must subscribe capital stock of the corresponding company.

*The Superintendency shall be empowered to authorize the organization and the business operation of the companies included in Articles 16 and 17 of the Law. In case of the companies prescribed in subsections A, B and C of Article 16 are subject to the prior opinion of the Central Bank.***(*)**

(*) Paragraph amended by the Second Amendatory Provision of Law Nº 29985, published on January 17, 2013**, the text of which reads as follows:**

“ The Superintendency shall be empowered to authorize the organization and the business operation of the companies included in Articles 16 and 17 of the Law. In case of the companies prescribed in subsections A, B and C of Article 16, as well as Item 6 of Article 17 are subject to the prior opinion of the Central Bank.**”**

Article 20. IMPEDIMENTS TO BE AN ORGANIZER

The following may not be organizers of companies:

1. Those convicted for illegal drug traffic, terrorism, attempting against national security and treason and other fraudulent crimes, even if they have been rehabilitated.

2. Those who by reason of their position, are prohibited from engaging in commerce, in accordance with legal provisions in force.

3. Those declared insolvent, while the process is in effect; and those who are bankrupt

4. Members of Congress and of local and regional government bodies.

5. Directors and employees of public organizations that regulate or supervise the company activities

6. Directors and employees of a company of the same nature, except for those of insurance companies, to organize another one that operates in a different field.

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

*8. Those who during intervention, or during the previous two years, may have been directors or managers of companies intervened by the Superintendency, provided they were found to be administratively responsible for acts deserving sanctions.***(*)**

(*) In accordance with Article 1 of SBS Resolution Nº 293-2000, published on May 1, 2000, it stated that the sanction to which this paragraph refers, is that relating to disqualification or dismissal arising from offenses considered serious pursuant to the Sanction Regulations. Directors or managers of supervised companies who have been sanctioned shall not be organizers, responsible organizers, shareholders, directors, managers or supervised companies for a period of ten (10) years from the date on which the sanction has been imposed. In case of recidivism, such prohibition shall be permanent, in accordance with Article 2 of the aforesaid regulations.

*9. Those who, as directors or managers of a legal entity, have been found to be administratively responsible for acts deserving sanctions.***(1)(2)**

(1) In accordance with Article 1 of SBS Resolution Nº 293-2000, published on May 1, 2000, it stated that the sanction to which this paragraph refers, is that relating to disqualification or dismissal arising from offenses considered serious pursuant to the Sanction Regulations. Directors or managers of supervised companies who have been sanctioned shall not be organizers, responsible organizers, shareholders, directors, managers or supervised companies for a period of ten (10) years from the date on which the sanction has been

imposed. In case of recidivism, such prohibition shall be permanent, in accordance with Article 2 of the aforesaid regulations.

(2) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 20. IMPEDIMENTS TO BE AN ORGANIZER

The following may not be organizers of companies:

1. Those convicted for illegal drug traffic, money laundering, terrorism financing, terrorism, attempting against national security and treason and other fraudulent crimes, even if they have been rehabilitated.

2. Those who by reason of their position, are prohibited from engaging in commerce, in accordance with legal provisions in force.

3. Those declared insolvent and those who are bankrupt.

4. Major shareholders of a legal entity declared insolvent and bankrupt.

5. Members of Congress and of local and regional government bodies.

6. Directors, employees and advisors of public organizations that regulate or supervise the company activities.

7. Directors and employees of a company of the same nature, except for those of insurance companies, to organize another one 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. Individual and legal entities whose operating licenses or registrations with any registry office, required to operate or make a takeover bid, have been cancelled by commiting infringment in Peru or abroad.

10. Major shareholders of a legal entity whose operating license or registration with any registry office, required to operate or make a takeover bid, has been cancelled by commiting infringment in Peru or abroad

11. Those who, during the past ten years counted from the date on which license was requested, have been major shareholders directly or by a third party, directors, managers or chief executive officers of companies or Private Pension Funds that have been intervened by the Superintendency. For these purposes, the participation of an individual for a period of less than 1 year, accumulated within the period of ten years, will not be considered.

12. Those who, as directors or managers of a legal entity during the past ten years counted from the date on which the license was requested, have been found to be administratively responsible for acts deserving sanctions

REGULATORY COMPLIANCE: R. Nº 10440-2008, Regulations, Art. 4, Last Paragraph

13. Those, whose personal, profesional or commercial behavior, may put the stability of the company they intend to incorporate or the depositor's or policyholders' safety at risk.

14. Those who take part in actions, negotiations or legal acts of any nature that contravene the law or fair financial or commercial practices established in Peru or abroad.

15. Those who have been disqualified to hold their post or public office due to criminal or administrative infraction.

In case of a legal entity, prohibitions stipulated in Items 3, 4, 9, 10, 11, 13 and 14 shall be referred to major shareholders, those who exercise their control, as well as directors, managers and chief executive officers up to the date on which license was requested**"**

REGULATORY COMPLIANCE: SBS Resolution Nº 816-2005, Art.29

SBS Resolution Nº 10440-2008, Art. 20, Item 4 (License for Representatives of Companies Not Incorporated in the Country)

Article 21. APPLICATION FOR ORGANIZATION

All applications for organization of companies of the financial and insurance systems must include all formal requirements established by the Superintendency in its general provisions, which shall prescribe the procedure to be followed.

The application must be accompanied by a certificate of deposit made with any company of the financial system governed by the Law, to the order of the Superintendency, for an amount equivalent to 5% of the minimum capital stock. The appropriately endorsed deposit shall be returned to the organizers in the event that the application is refused.

*Once the complete documentation has been received, the Superintendency will inform the Central Bank in cases dealing with companies of the financial system described in Points A, B and C of Article 16 hereof. The Central Bank must issue its opinion within thirty (30) days from the receipt of the said communication.***(*)**

(*) Paragraph amended by the Second Amendatory Provision of Law Nº 29985, published on January 17, 2013**, the text of which reads as follows:**

" Once the complete documentation has been received, the Superintendency will inform the Central Bank in cases dealing with companies of the financial system described in Points A, B and C of Article 16, as well as Item 6 of Article 17 hereof. The Central Bank must issue its opinion within thirty (30) days from the receipt of the said communication.**"**

*Within ninety (90) days of the receipt of the opinion of the Central Bank, the Superintendency shall issue a resolution authorizing or refusing the organization of a company. The resolution needs not cite any grounds and may not be challenged through administrative or legal proceedings.***(*)**

(*) Paragraph amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

" Within ninety (90) days of the receipt of the opinion of the Central Bank, the Superintendency shall issue a resolution authorizing or refusing the organization of a company. If it is refused, the Superintendency, to the extent practicable and at the request of the applicant, shall inform the grounds for refusal of the application.**"**

REGULATORY COMPLIANCE: SBS Resolution Nº 10440-2008, Art. 58 (Exception of the Certificate of Deposit and Cash Contribution)

vii REGULATORY COMPLIANCE WITH USA-PERU FREE TRADE AGREEMENT

Article 22. VERIFICATION BY THE SUPERINTENDENCY

*The Superintendency shall verify the seriousness, responsibility and other personal characteristics of the organizers, and may request any other information it may deem appropriate.***(*)**

(*) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 22. REQUIREMENTS TO BE AN ORGANIZER

Organizers shall meet technical skill and moral integrity requirements and not be prevented according to Article 20.**"**

Article 23. CERTIFICATE OF AUTHORIZATION TO ORGANIZE

Once the resolution authorizing organization has been issued, the Superintendency shall grant the corresponding certificate. Having obtained the certificate, the organizers shall:

1. Publish the certificate once, in the Official Gazette "*El Peruano"*within thirty (30) days of its issuing, under penalty of expiry at the end of such term.

2. Grant the corresponding public deed, into which the certificate must be mandatorily inserted, under liability of the participating notary public.

3. Carry out all other actions required to secure the business license.

The certificate of authorization to organize shall expire two (2) years after it was issued.

Article 24. USE OF CAPITAL

In accordance with the regulations issued by the Superintendency, the initial capital stock may only be used during the organization stage for the following purposes:

1. To cover the expenses to be incurred during the process.

2. To purchase or build premises to be used by the company.

3. To purchase the furniture, equipment and machinery needed to start operations.

4. To hire the services necessary to begin operations.

The remainder must be invested in government securities or Central Bank obligations, or deposited in a company incorporated in the country.**(*)**

(*) In accordance with Article I of the SBS Resolution No. 776-98, published on August 14, 1998, expenses to defray items detailed under this Article may only be made ??from the excess of the minimum capital required by Article 16 hereof, updated pursuant to Article 18 hereof.

Article 25. GUARANTY OF THE ORGANIZERS

Notwithstanding the guaranty deposit referred to in Article 21, the organizers shall individually and jointly guarantee the carrying out of the required capital stock contributions. Both types of guaranties shall remain in effect until thirty (30) days after the board of directors assumes its duties.

CHAPTER III

BUSINESS LICENSE

Article 26. CHECKS TO BE DONE BEFORE ISSUING A BUSINESS LICENSE

When organizers report in writing that they have met all the business license requirements, the Superintendency shall proceed to carry out the necessary verification and checks.

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 Gazette 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.

*If the company accesses the module system referred to in Article 290, the Superintendency shall issue supplementary resolutions, specifying the module in which the company is included.***(*)**

(*) Paragraph repealed by Article 4 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

Article 28. VALIDITY OF THE BUSINESS LICENSE

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

Article 29. LISTING OF THE COMPANY'S SHARES IN THE STOCK EXCHANGE

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.

Whenever it deems convenient, the Superintendency may request those companies not included in the preceding paragraph to be listed in the stock exchange.

REGULATORY COMPLIANCE: SBS Resolution Nº 10440-2008, Articles 15, 19, Subsection e), 27, 31, 42, 50 and 54 (Regulations for Incorporation, Reorganization and Establishment of Companies and Representatives of Financial and Insurance Systems)

TITLE II

OTHER AUTHORIZATIONS

CHAPTER I

AUTHORIZATION TO OPEN, RELOCATE AND CLOSE BRANCHES AND OTHER OFFICES

Article 30. OPENING OF BRANCHES, AGENCIES AND SPECIAL OFFICES

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

For 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 (15) days if the office will operate within the country and within sixty (60) 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.

Article 31. OBLIGATION TO DISPLAY BUSINESS LICENSE

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

Article 32. RELOCATION AND CLOSING DOWN OF BRANCHES, AGENCIES OR SPECIAL OFFICES

Provided they offer services to the public, the relocation or closing down of branches, agencies 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.

Article 33. ESTABLISHMENT OF SERVICE WINDOWS

Companies of the financial system and of the insurance system may share premises for the provision of their services, including cases involving window contracts and leasing of space. Such contracts and arrangements shall be reported to the Superintendency so as to ensure that control and security requirements are met.

CHAPTER II

AUTHORIZATION TO INCORPORATE SUBSIDIARIES

Article 34. INCORPORATION OF SUBSIDIARIES

Companies of the financial system may incorporate subsidiaries for the purposes referred to in Article 224.

General insurance companies may incorporate subsidiaries to operate in the life insurance business and vice-versa, or for the purposes prescribed in Article 318.

Article 35. AUTHORIZATION TO INCORPORATE SUBSIDIARIES

For the establishment of subsidiaries that will carry out business prescribed in the Law, it shall be required to have the previous corresponding authorization to organize and the business license, with an exemption provided for the submission of the certificate of guaranty stipulated in Article 21, as well as the cash contribution to the capital stock in the case of mergers or splits of these companies.

However, in the case of subsidiaries described in Items 3, 4 and 6 of Article 224, it shall be CONASEV the entity to issue the authorization of the business license.

Article 36. RULES FOR INCORPORATION OF SUBSIDIARIES

The following rules shall govern the incorporation of subsidiaries by companies of the financial system and of the insurance system:

1. The combined investment in subsidiaries may not exceed 40% of the company's equity, except for subsidiaries of general insurance companies which provide life insurance.

2. The holdings of a company of the financial system or of the insurance system in the capital stock of a subsidiary may not be less than three fifths.

3. Shareholder plurality shall not be required.

4. Directors and employees of the head office may also be directors or employees of the subsidiary, or vice-versa.

5. Subsidiaries may enter into contracts with head office and secure its backing in administrative, data processing and other areas.

REGULATORY COMPLIANCE: SBS Resolution Nº 838-2008, Supplementary Rules, Art. 27, Subsection a)

Article 37. OTHER PROVISIONS APPLICABLE TO SUBSIDIARIES

As applicable, all other provisions of the Law shall also govern subsidiaries.

CHAPTER III

AUTHORIZATION FOR THE CONSTITUTION OF CREDIT INSURANCE INDEPENDENT EQUITIES

Article 38. **CONSTITUTION OF CREDIT INSURANCE INDEPENDENT EQUITIES**

The Superintendency shall approve the constitution of the credit insurance independent equities 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.

*Regulations of independent equities and their coverage and contract transactions shall be contained in the regulatory provisions issued by the Superintendency.****(*)***

(*) Article replaced by Article 7 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"**Article 38. CONSTITUTION OF CREDIT INSURANCE INDEPENDENT EQUITIES**

The Superintendency shall approve the constitution of the credit insurance independent equities 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 liquidation of a company managing an independent equity, the Superintendent may appoint a substitute.

Regulations of independent equities and their coverage and contract transactions shall be contained in the regulatory provisions issued by the Superintendency."

CHAPTER IV

AUTHORIZATION FOR THE ESTABLISHMENT OF COMPANIES OF THE FINANCIAL SYSTEM AND OF THE INSURANCE SYSTEM ABROAD

Article 39. ESTABLISHMENT OF COMPANIES ABROAD

*Companies of the financial system and of the insurance system domiciled abroad seeking to set up 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.***(*)**

(*) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 39. ESTABLISHMENT OF COMPANIES ABROAD

Companies of the financial system and of the insurance system domiciled abroad seeking to set up 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.

Provisions prescribed herein are applicable to offices stated in the preceding paragraph. These offices have the same rights and are subject to the same duties as the national companies of like nature.

These offices may not make diplomatic complaints in respect of business and operations carried out in the country, either invoking rights derived from their nationality or for any other reason.

Creditors domiciled in Peru have preferential rights to assets from the office of a foreign company of the financial or insurance systems, domiciled in Peru, in the case of liquidation of that company or of its office in Peru."

"Article 39-a: SPECIAL EXEMPTIONS FOR OFFICES

The office established pursuant to Article 39 is not obliged to have a Board of Directors, but shall have a representative fully empowered to oblige it in all matters relating to the development of its activities.

Such offices are empowered to conduct business in accordance with their own practices, provided that they do not disobey the Peruvian laws" .**(*)**

(*) Article added by Article 3 of Legislative Decree Nº 1052, published on June 27, 2008.

Article 40. VERIFICATION OF INFORMATION SUBMITTED

Once the application has been received and the enclosed documents have been reviewed, the Superintendency shall proceed to verify the soundness and seriousness of the applicant institution; and if necessary, issue the certificate of authorization to organize.

Article 41. AUTHORIZATION OF THE BUSINESS LICENSE

When the Superintendency has confirmed that the required capital stock has been subscribed and contributed and that the relevant requirements have been met, it shall issue the corresponding resolution authorizing the business license.

The said resolution shall be sufficient for the registration of the office with the pertinent Public Record Office and must be published once in the Official Gazette, as well as permanently displayed at the office in a conspicuous place.

Article 42. DESIGNATED CAPITAL STOCK

*The offices referred to in Article 39 must have designated a minimum capital stock equivalent to that of companies carrying out the same activities in the country, which must be kept in the country.***(*)**

(*) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 42. DESIGNATED CAPITAL STOCK

The offices referred to in Article 39 must have designated a minimum capital stock equivalent to that of companies carrying out the same activities in the country, which must be kept in the country. The operations of theses offices are limited by the capital kept in Peru."

CHAPTER V

AUTHORIZATION OF REPRESENTATIVES OF FOREIGN COMPANIES

NOT DOMICILED IN THE COUNTRY

Article 43. **APPLICATION TO REPRESENT COMPANIES NOT DOMICILED IN THE COUNTRY**

Any representative appointed by a company of the financial system from abroad must have the prior authorization of the Superintendency. The representative must submit an application together with the public instrument containing such appointment, as well as all other relevant documents.

*Insurance or reinsurance brokers of companies not domiciled in the country shall be subject to the same procedure prescribed in the preceding paragraph.***(*)**

(*) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 43. APPLICATION TO REPRESENT COMPANIES NOT DOMICILED IN THE COUNTRY

Any representative appointed by a company of the financial system abroad must have the prior authorization of the Superintendency which exersises supervision. The representative must submit an application together with the public instrument containing such appointment, as well as all other relevant documents requerided by the Superintendecy.

Insurance or reinsurance brokers of foreign companies shall be subject to the procedure prescribed by the Superintendency in accordance with this Law.

Representatives of financial, insurance and reinsurance companies from abroad, who are individuals and legal entities domiciled in Peru, and who do not have the authorization of the Superintendancy, may be subject to the closing of their premises and to the sanctions set forth in the Superintendancy regulations.

REGULATORY COMPLIANCE: Circular Nº CS-22-2010 AS-19-2010 (Approving provisions applicable to information delivery through the Control Electronic Platform of the Insurance Intermediary and Auxiliary Registry)

Article 44. EVALUATION FOR THE AUTHORIZATION OF REPRESENTATION

In order to issue the authorization, the Superintendency must evaluate the seriousness and solvency of the appointed person and of the requesting institution.

The following considerations shall also be taken into account:

1. In the case of financial companies from abroad, the convenience of such representation shall be evaluated, as well as any possible favorable effects on the country's foreign trade and its potential contribution to the possibility of securing foreign loans and capital.

*2. In the case of insurance or reinsurance companies from abroad, a better level of risk coverage must be analyzed.***(*)**

(*) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 44. EVALUATION FOR THE AUTHORIZATION OF REPRESENTATION

In order to issue the authorization referred to in Article 43, the Superintendency must evaluate the technical skill and moral integrity of the appointed person as representative and the technical and economic solvency of the person to be represented. For that purpose, the information certifying such suitability and solvency is required.**"**

Article 45. ACTIVITIES OF THE REPRESENTATIVES

As applicable, representatives of financial companies from abroad and brokers of insurance and reinsurance companies not domiciled in the country shall be limited to have a business relationship with:

1. Companies of similar nature operating in the country, so as to facilitate foreign trade and provide foreign financing.

2. Companies interested in purchasing or selling goods and services in foreign markets.

3. Entities potentially demanding foreign financing or capital.

4. Entities potentially demanding reinsurance.

*5. Entities potentially demanding insurance.***(*)**

(*) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 45. ACTIVITIES OF THE REPRESENTATIVES

Representatives of financial companies from abroad may just carry out the following activities:

1. To promote services of their principal among companies of similar nature operating in the country in order to facilitate foreign trade and provide foreign financing.

2. To promote several financing offers of their principal among individuals and legal entities interested in purchasing or selling goods and services in foreign markets.

3. To promote services of their principal among entities potentially demanding foreign financing and capital."

Article 46. ACTIVITIES PROHIBITED TO REPRESENTATIVES

Representatives of financial companies from abroad shall be prohibited from:

1. Carrying out transactions or offering typical services of their principal.

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

*3. Directly offering or placing foreign securities or instruments within the country.***(*)**

(*) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 46. ACTIVITIES PROHIBITED TO REPRESENTATIVES

Representatives of companies of the financial system from abroad shall be prohibited from:

1. Carrying out transactions or offering typical services of their principal.

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

3. Directly offering or placing foreign securities or instruments within the country."

Article 47. IDENTIFICATION OF REPRESENTATIVES AND BROKERS

*Representatives of financial companies from abroad and brokers of insurance or reinsurance companies not domiciled in the country may use any written means that will identify them as such, provided there is an indication that their principal is not domiciled in the Republic of Peru.***(*)**

(*) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 47. IDENTIFICATION OF REPRESENTATIVES

Representatives of companies of the financial system, of reinsurance companies and of reinsurance brokers from abroad may use any written means that will identify them as such, provided there is an indication that their principal is not domiciled in the country" .

Article 48. SUPERVISION OF REPRESENTATIVES AND BROKERS

The acts of representatives of financial companies from abroad and brokers of insurance and reinsurance companies not domiciled in the country shall be subject to the supervision of the Superintendency, which is empowered to revoke the authorization and reject the accreditation of a new representative.

*Furthermore, the Superintendency shall require them to submit periodical reports concerning their activities.***(*)**

(*) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 48. SUPERVISION OF REPRESENTATIVES

The acts of representatives of companies of the financial system, of reinsurance companies and of reinsurance brokers from abroad shall be subject to the supervision of the Superintendency, which is empowered to revoke the authorization and reject the accreditation of a new representative.

Furthermore, the Superintendency shall require them to submit periodical reports concerning their activities**"** .

REGULATORY COMPLIANCE: SBS Resolution Nº 1797-2011, Art. 22 (Regulations for Registration of Insurance Intermediaries and Auxiliaries)

Article 49. REVOCATION OF AUTHORIZATION

*The authorization may be revoked whenever representatives of financial companies from abroad and brokers of insurance and reinsurance companies not domiciled in the country infringe the limitations and prohibitions prescribed in Articles 45 and 46, or whenever their activities are not beneficial for the country, as expressed in the purposes and objectives indicated in Article 44.***(*)**

(*) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 49. REVOCATION OF AUTHORIZATION

The Superintendency shall revoke the authorization granted to representatives of companies of the financial system from abroad, whenever they infringe the limitations and prohibitions prescribed in Articles 45 and 46."

In cases of representatives of reinsurance companies and of reinsurance brokers from abroad, the authorization may be revoked whenever representatives of such companies infringe the limitations and prohibitions prescribed by the Superintendency pursuant to Article 43.**"**

TITLE III

CAPITAL, RESERVES AND DIVIDENDS

CHAPTER I

SHAREHOLDERS AND CAPITAL

Article 50. MINIMUM NUMBER OF SHAREHOLDERS

Companies of the financial system and of the insurance system incorporated as stock companies must have, at all times, the minimum number of shareholders set forth in the General Corporation Law.

Any individual or legal entity which directly or indirectly purchases stock of a company equivalent to 1% of the capital stock throughout a period of twelve months, or which with such purchases attain a share equal to or greater than 3%, shall be obliged to supply the Superintendency any information it may request in order to identify their main economic activities and the structure of their assets. This includes revealing the names of shareholders in the case of companies issuing bearer shares.

Article 51. STOCK HOLDINGS BY A SINGLE PARTY

With respect to holdings in a company of the financial system or of the insurance system by a single party, the only limitation shall be that contained in the preceding article.

Article 52. IMPEDIMENTS TO BECOME A SHAREHOLDER

*Those prescribed in Items 1, 8 and 9 of Article 20 of the Law may not be shareholders of companies of the financial system or of the insurance system, nor those who, following the pertinent evaluation, the Superintendency has decided that according to its knowledge, they do not meet the solvency or moral integrity requirements.***(*)**

(*) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 52. IMPEDIMENTS TO BECOME A SHAREHOLDER

Shareholders must meet the solvency and moral integrity requirements.

Those prescribed in Items 1,2,3,4,5,8,9,10,11,12,13,14 and 15 of Article 20 of the Law may not be shareholders of companies of the financial system or of the insurance system

Impediments prescribed in Items 2 and 5 shall not be applied if this impediment is stated prior to its condition as a shareholder, provided this condition does not create a conflict of interest with the position and the roles performed."

REGULATORY COMPLIANCE: R. Nº 10440-2008, Regulations, Article 6, Item 3

Article 53. LIMITATIONS TO HOLDINGS OF CAPITAL STOCK IN A COMPANY BY ANOTHER ONE 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, and 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 impeded from exercising voting rights with respect thereto.

REGULATORY COMPLIANCE: SBS Resolution Nº 10440-2008, Articles 44 and 51 (Regulations for Incorporation, Reorganization and Establishment of Companies and Representatives of Financial and Insurance Systems).

R. Nº 10440-2008, Regulations, Article 6, Item 3

Article 54. LIMITATIONS TO SHAREHOLDERS BY REASON OF POSITION

Public officials and employees referred to in Article 39 of the Political Constitution, as well as their spouses, may not hold shares of a company of the financial system or of the insurance system in excess of 5% of the company's capital stock.

The Chairman of CONASEV, 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 their position or function, provided this is included in the corresponding sworn declaration of assets and income. Those shares which, without altering the pre-existing percentage, may be subscribed in the cases of capital increases are also exempted.

REGULATORY COMPLIANCE: R. Nº 10440-2008, Regulations, Article 6, Item 3

Article 55. LIMITATION FOR MAJOR SHAREHOLDERS OF A DIFFERENT COMPANY OF THE SAME NATURE

Anyone who is directly or indirectly a major shareholder of a company of the financial system or of the insurance system, may not directly or indirectly be a holder of more than 5% of the stock of another company of the same nature.

REGULATORY COMPLIANCE: SBS Resolution Nº 10440-2008, Articles 32 and 39 (Regulations for Incorporation, Reorganization and Establishment of Companies and Representatives of Financial and Insurance Systems)

R. Nº 10440-2008, Regulations, Article 6, Item 3

Article 56. SHARE TRANSFERS

All transfers of shares of companies of the financial system or of the insurance system must be registered with the Superintendency. When applicable, securities clearing and settlement institutions, together with the Superintendency, shall establish the most convenient means 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, the General Manager of the company shall be responsible for submitting 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.

Article 57. TRANSFERS IN EXCESS OF 10% OF THE CAPITAL STOCK

All transfers of shares of a company comprising the financial system or the insurance system made to a single party in excess of 10% of the company's capital stock, whether accomplished directly or through third parties, shall require the previous authorization of the Superintendency.

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 domiciled in Peru was a shareholder of the company in a percentage greater than the aforesaid, its shareholders must have the prior authorization of the Superintendency before assigning any rights or shares of the said legal entity in a proportion higher than 10%. If the shareholder was a non-domiciled legal entity, it shall have the obligation of informing the Superintendency in the event of any changes in its shareholding, in the proportion of the excess of the said percentage, indicating the name of the shareholders of the latter.

The company shall have the obligation to inform the Superintendency in the event that it has learned that a portion of its stock has been purchased by a non-domiciled company, indicating the name of the shareholders of the latter.

Article 58. REFUSAL OF APPLICATION FOR SHARE TRANSFER

The Superintendent shall refuse the authorization requested pursuant to the preceding article, if the individual seeking to purchase the shares or shareholders, directors or employees of a legal company with the same corporate purpose make part of the following cases:

1. They are subject to the impediments prescribed in Articles 20, 52 and 53, and to the restrictions of Articles 54 and 55.

2. They are carrying out activities which are prohibited by Article 11.

The decision cannot be challenged.

Article 59. SANCTION IMPOSED ON THE BUYER INFRINGING REGULATIONS GOVERNING THE LIMITATIONS OF HOLDINGS OF THE CAPITAL STOCK IN A COMPANY

In the event that shares are purchased by infringing the provisions of Articles 52, 53, 54 and 55, the buyer shall be sanctioned with a fine equal to the value of the shares which were to be transferred. Notwithstanding the above, the buyers shall have the obligation to sell the shares within thirty (30) days. If such term expires without the situation being rectified, the fine shall be multiplied. Furthermore, the buyer infringing the provisions of Articles 54 and 55 may not exercise its voting rights in shareholders' meetings.

If the shareholder refuses to comply with the stipulations of Articles 50 and 57, the Superintendency may suspend its rights as such, including its right to vote and to share in the profits of the company. In addition, the shares owned by the shareholder involved shall not be counted in the calculation of the quorum and majority required in shareholders' meetings.

Article 60. PREFERRED SHARES

Companies forming part of the financial system and the insurance system may issue preferred stock, with or without the right to vote. Preferred shares may be redeemable or for fixed terms, with rights to cumulative or non-cumulative dividends, as well as of other types, as may be decided by the shareholders' meetings.

Losses shall be absorbed, first of all, by common shares; and only when the value of the latter has been used, the remainder shall be absorbed by the preferred shares. 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, companies may issue and place shares below par, 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.

Article 61. COMPANY MERGERS AND SPLITS - RIGHTS OF DISSIDENT MEMBERS

Once the respective shareholders' meetings have approved the merger of two or more companies of the financial system or of the insurance system, shareholders shall have the right to sell their shares to the corresponding company, in accordance with the provisions of the General Corporation Law.

The same right shall be enjoyed by shareholders in the case of the split of a company.

Article 62. INCREASE IN THE CAPITAL STOCK OF A COMPANY

The capital stock of a company comprising the financial system or the insurance system may only be increased by cash contributions, capitalization of profits or capital restatement as a result of global adjustments due to inflation.

On occasion, and prior authorization of the Superintendency, the said capital stock may also be increased through mergers, conversions of the company's obligations into shares or any other method authorized by the Superintendency.

In the cases of contributions through immovable property, the authorization of the Superintendency shall only be possible in cases of capital increases over and above the minimum cash capital required and up to a limit equivalent to 75% of the effective equity as of the date of the contribution.

With respect to insurance companies, once the previous authorization of the Superintendency has been secured, the capital increases referred to in the preceding paragraph may also take place through any of the other assets prescribed in Article 311.

Article 63. TREATMENT OF CAPITAL DEFICIT

The capital deficit resulting from the application of the provisions of Articles 16, 17 and 18 shall be covered during the following quarter. In special cases, the Superintendency may grant a ninety (90)-day extension, in order to evaluate whether or not the company has been adequately managed and if reasonable efforts have been made to comply with its obligation.

The said extension may not be granted on two consecutive occasions.

Article 64. REDUCTION OF CAPITAL STOCK

Except for the provisions set forth in Article 69, any reductions to the capital stock or legal reserves must be authorized by the Superintendency.

As prescribed and notwithstanding the Superintendency's own opinion, such reduction may not take place:

1. In the amount of the legal reserve which is uncovered, with respect to the minimum capital.

2. In the amount of the existing deficit with respect to provisions ordered by the Superintendency.

3. When, if as a result of the reduction, the company's operational limits would be exceeded.

CHAPTER II

APPLICATION OF PROFITS

Article 65. APPLICATION OF PROFITS

The profits for the fiscal period shall be determined after deductions have been made for all provisions established by the Law, as determined by the Superintendency or as decided by the company itself.

Article 66. PRIORITY IN THE APPLICATION OF PROFITS

The order of priority for the application of profits of companies of the financial system and of the insurance system shall be the following:

1. For replenishment of the minimum capital, as prescribed in Articles 16, 17 and 18.

2. For constitution on the part of companies of the financial system, of the legal reserve; or if applicable, for its replenishment, up to the limit prescribed in the second paragraph of Article 69.

3. For constitution on the part of companies of the insurance system, of the guaranty fund referred to in Article 305; or if applicable, for its replenishment, up to the limit prescribed in the second paragraph of Article 69.

4. For constitution of voluntary reserves or dividend distribution.

CHAPTER III

RESERVES

Article 67. LEGAL RESERVE

Companies of the financial system and of the insurance system must put aside a reserve of no less than 35% of their capital stock.

Such reserve shall be accomplished by annual transfers of no less than 10% of net after-tax profits, replacing the reserve prescribed in Article 258 of the General Corporation Law.

Article 68. VOLUNTARY RESERVES

The annual transfer of profits to voluntary reserves may not be decided without first complying with the order of priority established by the Law for the constitution of the legal reserve in the annual percentage set forth in the preceding paragraph or the provisions for the replenishment of the legal reserve stipulated in the following article.

The provisions of this article shall not be applicable to companies of the insurance system with respect to technical reserves.

Article 69. APPLICATION OF RESERVES

If companies of the financial system or of the insurance system record losses, their coverage shall be subject to the amount of undistributed profits and voluntary reserves, if any, and the amount of the legal reserve or guaranty fund detailed in Articles 67 and 305 shall be automatically reduced by the difference.

As long as the minimum amount or the highest amount obtained during the period when the legal reserve or guaranty fund was constituted is not attained, all of the profits must be applied thereto.

Article 70. INCREASE OF LEGAL RESERVE.

The amount of the legal reserve may be increased at any time through contributions made by the shareholders for this purpose.

CHAPTER IV

DIVIDENDS

Article 71. PREFERRED REPLENISHMENT OF THE MINIMUM CAPITAL

Within the term prescribed by Article 63, by priority, any profits obtained must be applied to the replenishment of the minimum capital stock.

Article 72. DISTRIBUTION OF PROFITS

Notwithstanding the provisions of Article 355 of the Law, 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.

Article 73. LIABILITY FOR NON-COMPLIANCE

Those who may have approved resolutions infringing the provisions of Articles 69, 71 and 72 shall be jointly and severally liable for the reimbursement to the company of money illegally paid, notwithstanding their joint and several liability pursuant to the General Corporation Law.

TITLE IV

GOVERNMENT BODIES

CHAPTER I

SHAREHOLDERS' MEETING

Article 74. QUORUM

For the celebration of the first shareholders' meeting of companies of the financial system or of the insurance system, regardless of their purpose, the bylaws of companies incorporated as limited liability companies may not require a quorum of shareholders representing more than two thirds of the capital stock.

In the case of prorogued meetings, there must be a representation of shareholders constituting no less than one third of the capital stock, provided the meeting will not deal with the issues described in Article 134 of the General Corporation Law, in which case the provisions of the said legislation shall prevail.

Article 75. REQUIREMENT OF MAJORITY

In the approval of resolutions by general shareholders' meetings of companies, the bylaws may not require a majority higher than those prescribed in Articles 133 and 134 of the General Corporation Law. 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.

Article 76. REPRESENTATIVES OF SHAREHOLDERS

Company bylaws may not require that someone, appointed by a shareholder to represent him/her in the general shareholders' meeting, must also be a shareholder.

Article 77. RIGHT OF THE SUPERINTENDENT TO ATTEND SHAREHOLDERS' MEETINGS

The Superintendent shall have the right to attend, in person or through his appointee, any shareholders' meeting.

Article 78. RIGHT OF THE SUPERINTENDENT TO DECLARE THE VALIDITY OF MEETINGS AND SHAREHOLDERS' MEETING RESOLUTIONS

Upon request or as part of his duties, the Superintendent shall have the right to administratively resolve any issues which may affect the validity of the shareholders' meetings and resolutions approved thereby, notwithstanding the right conferred by the Law upon shareholders to challenge his decision through legal proceedings.

CHAPTER II

BOARD OF DIRECTORS

Article 79. STRUCTURE OF THE BOARD OF DIRECTORS

The board of directors of companies of the financial system and of the insurance system shall consist of no less than five (5) members, who meet technical skill and moral integrity requirements, appointed by the shareholders' meeting.

Article 80. DEPUTY DIRECTORS

Companies may appoint deputy directors, in accordance with the provisions of their bylaws. Their appointment must be informed to the Superintendency.

Article 81. IMPEDIMENTS FOR BECOMING A DIRECTOR

The following may not be directors of companies of the financial system or the insurance system:

1. Those impeded by the provisions of the General Corporation Law.

2. Those who, in accordance with the provisions of Articles 20, 51 and 52, are prohibited from being organizers or shareholders.

3. Those who are known to be insolvent and those whose majority of assets are affected by precautionary measures.

4. Those who, being domiciled in the country, are not included in the Single Taxpayers' Register.

5. Employees of the company, except for the General Manager.

6. Employees of a company, its subsidiaries and other companies and their subsidiaries, if they are of the same nature.

7. Employees of an insurance company, its subsidiaries and other companies and their subsidiaries, if they are of the same nature, or of reinsurance companies with which there is nor shareholding relationship, or vice-versa.

8. Those who, directly or indirectly in the same company or in another company of the financial system, have loans overdue for over one hundred and twenty (120) days, or which are subject of legal proceedings.

9. Those who, directly or indirectly, are holders, partners or shareholders exercising a significant influence over companies having loans overdue for over one hundred and twenty (120) days, or which are subject of legal proceedings in the same company or another company of the financial system.

*A resolution based on the existence of any impediments for becoming a director of a company shall be issued in accordance with standards of equity, shall not be required to cite any grounds and may not be challenged through administrative or legal proceedings.**(1)*** **(2)**

(1) In accordance with Article 1 of SBS Resolution Nº 1293-2002, published on 12-15-2002, it is stated that the impediment on directors and employees of a company of the financial and insurance systems to hold the positions of directors and managers in another company of the same nature is not applicable to cases where these companies are in process of merger.

(2) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 81. REQUIREMENTS FOR BECOMING A DIRECTOR

Directors of companies of the financial system or the insurance system shall meet technical skill and moral integrity requirements and not be prohibited from the following:

1. Those impeded by the provisions of the General Corporation Law.

2. Those who, in accordance with the provisions of Articles 20, 51 and 52, are prohibited from being organizers or shareholders.

3. Those who are known to be insolvent and those whose majority of assets are affected by precautionary measures.

4. Those who, being domiciled in the country, are not included in the Single Taxpayers' Register.

5. Employees of the company, except for the General Manager.

6. Employees of a company, its subsidiaries and other companies and their subsidiaries, if they are of the same nature.

7. Employees of an insurance company, its subsidiaries and other companies and their subsidiaries, if they are of the same nature, or of reinsurance companies domiciled in the country with which there is nor shareholding relationship, or vice-versa.

8. Those who, directly or indirectly in the same company or in another company of the financial system, have loans overdue for over one hundred and twenty (120) days, or which are subject of legal proceedings.

9. Those who, directly or indirectly, are holders, partners or shareholders exercising a significant influence over companies having loans overdue for over one hundred and twenty (120) days, or which are subject of legal proceedings in the same company or another company of the financial system.

A resolution issued because of the existence of any impediments for becoming a director of a company, to the extent practicable and at the request of the applicant, shall be duly supported**"** .

REGULATORY COMPLIANCE: SBS Resolution Nº 1913-2004

SBS Resolution Nº 10440-2008, Articles 20, Item 4 and 59 (Regulations for Incorporation, Reorganization and Establishment of Companies and Representatives of Financial and Insurance Systems)

Article 82. COMMUNICATION TO THE SUPERINTENDENCY

All appointments of directors of companies of the financial system and 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.

REGULATORY COMPLIANCE: ***SBS RESOLUTION Nº 1293-2002***

SBS RESOLUTION Nº 1913-2004

SBS Resolution Nº 10440-2008, Art. 59 (Incompatibilities to exercise the position of directors and managers)

Article 83. NON-DELEGATION OF THE POSITION OF DIRECTOR

The position of director of a company of the financial system or of the insurance system shall not be subject to delegation.

Article 84. FREQUENCY OF DIRECTORS' MEETINGS

The board of directors shall hold meetings at least once per month.

Article 85. BOARD OF DIRECTORS QUORUM

Under no circumstances the quorum prescribed in the bylaws of companies of the financial system or of the insurance system for board of directors' meetings may be greater than two thirds of its members. The bylaws may not require either, that the approval of resolutions must have the favorable vote of more than two thirds of attending directors.

Article 86. ATTENDANCE OF DEPUTY DIRECTORS

The attendance of a deputy director to a meeting as referred to in Article 80, without the presence of the principal director, shall in itself constitute the assumption that the latter is absent or cannot attend the meeting.

Article 87. LIABILITY OF DIRECTORS

The principal and deputy directors referred to in Article 80, jointly and severally as prescribed by Article 172 of the General Corporation Law, 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. Omitting the adoption of 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. Omitting the adoption of 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 General Corporation Law and the powers conferred upon the Central Bank by its Organic Law.

Article 88. NON-COMPATIBILITY OF THE POSITION OF DIRECTOR

With the exception resulting from Item 5 of Article 81, except for the Chairman, the members of the board of directors may not hold management positions in the same company.

Article 89. DIRECTOR VACANCY

In addition to the reasons prescribed by the legislation governing limited liability 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 of directors 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 reason stated in Item 2 above shall not apply if the deputy director attends the meetings.

The vacancy of a director shall automatically determine the vacancy of its deputy.

Article 90. OBLIGATION TO REPORT TO THE BOARD OF DIRECTORS THE COMMUNICATIONS OF THE SUPERINTENDENCY

All communications of the Superintendency addressed to a company of the financial system or of the insurance system with reference to an inspection or investigation carried out, or which contains recommendations for the company's business, must be reported to the board of directors or body carrying out a similar function, during the immediately next meeting, under liability of the Chairman of the Board or official of equivalent position.

CHAPTER III

MANAGEMENT

Article 91. APPOINTMENT OF MANAGERS

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

Article 92. PROVISIONS APPLICABLE TO MANAGERS

*As relevant, the provisions of Articles 81, 82 and 87 shall be applicable to managers of companies.***(1)(2)**

(1) In accordance with Article 1 of SBS Resolution Nº 1293-2002, published on 12-15-2002, it is stated that the impediment on directors and employees of a company of the financial and insurance systems to hold the positions of directors and managers in another company of the same nature is not applicable to cases where these companies are in process of merger.

(2) Article amended by Article 1 of Legislative Decree Nº 1052, published on June 27, 2008, the text of which reads as follows:

"Article 92. PROVISIONS APPLICABLE TO MANAGERS AND OTHER CHIEF EXECUTIVE OFFICERS

As relevant, the provisions of Articles 81, 82 and 87 shall be applicable to managers and other chief executive officers of companies."

REGULATORY COMPLIANCE: SBS Resolution Nº 10440-2008, Art. 59 (Incompatibilities to exercise the position of directors and managers)

Article 93. OBLIGATION OF THE MANAGER TO INFORM THE BOARD OF DIRECTORS WITH RESPECT TO CREDIT TRANSACTIONS

In companies comprising the financial system or the insurance system, the General Manager or his substitute, must inform the Board of Directors in each meeting and in writing, with respect to all credits and guaranties granted to each client since the preceding meeting, as well as of any investments made, whenever in either case the limit set forth by the Superintendency has been exceeded.

A copy of the report informing of the excess must be sent to the Superintendency for the corresponding actions, under liability of the Board of Directors.

Article 94. OBLIGATION OF THE MANAGER TO INFORM THE BOARD OF DIRECTORS WITH RESPECT TO THE BUSINESS OF THE COMPANY

At least quarterly, the General Manager or his substitute must inform the Board of Directors with respect to the financial affairs of the company of the financial system and of the insurance system,

comparing the report to that of the previous quarter and with the goals set forth for the quarter. The Board of Directors shall be responsible for ensuring compliance with this obligation.

TITLE V

SURVEILLANCE PROCEDURE

REGULATORY COMPLIANCES: R.M. Nº 581-2008-EF-15, Art. 8 and 9

R.M. Nº 159-2009-EF-15, Art. 8

SOLE CHAPTER

SURVEILLANCE PROCEDURE

Article 95. SUBMISSION TO THE SURVEILLANCE PROCEDURE - GROUNDS

All companies comprising the financial system and the insurance system shall be submitted to the surveillance procedure by the Superintendency, whenever they incur in any of the following conditions:

1. Grounds applicable to companies of the financial system or of the insurance system:

a). Non-compliance with the obligation contained in Article 63.

b). Decrease in the effective equity or capital stock under the prescribed minimum.

c) Granting of loans to their own shareholders for use in covering the company's capital requirements.

2. Grounds applicable to companies of the financial system:

a) Non-compliance with the requirements for the legal reserve for all of the consecutive periods comprised within three (3) months, or during periods which, combined, entail a term of five (5) months within a period of twelve (12) months, ending on the date of the last deficit.

b) Need to request the financing of their obligations with other companies of the financial system which, in the opinion of the Superintendency, constitutes a sign of structural financial insufficiency for complying with regulations governing reserves or which tends to become permanent.

c) Need to request the financial assistance of the Central Bank for more than ninety (90) days during the last three hundred and sixty (360) days.

d) Excess of the limits set forth in Articles 206, 207, 208 and 209 during three (3) months within a period of twelve (12) months, ending on the date when the last excess took place.

e) Infraction with respect to other individual or overall limits, in a frequency which, in the opinion of the Superintendency, reveals an inadequate management of the business by the company, together with the failure to approve and implement corrective actions.

f) Reiterated non-compliance with servicing the public, as referred to in Article 139.

3. Grounds applicable to companies of the insurance system:

a) Non-compliance with requirements for investments, effective equity and limit of indebtedness during consecutive periods of three (3) months, or during terms which, combined, constitute a duration of more than five (5) months during the period of twelve (12) months ending on the date of the last deficit.

b) Need to request the financing of their obligations with companies of the financial system which, in the opinion of the Superintendency, constitutes a sign of structural financial insufficiency for complying with their obligations.

4. Grounds applicable to companies of the insurance system carrying out transactions subject to credit risk: non-compliance with any of the grounds described in Item 2, Paragraphs d) and e).

In addition, the Superintendency may decide to submit companies of the financial system or of the insurance system to a surveillance procedure, if it considers that there are justifiable serious grounds not prescribed herein. If this is the case of companies of the financial system, the Superintendency shall report the case to the Central Bank.

*The decision of the Superintendency to submit a company to the surveillance procedure shall not cause a resolution to be issued. It shall be informed through a communication and kept under strict confidence. The Superintendency shall report the case to the Central Bank only.**(*)***

(*) Article replaced by Article 1 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

“Article 95. SUBMISSION TO THE SURVEILLANCE PROCEDURE - GROUNDS.

All companies comprising the financial system and the insurance system shall be submitted to the surveillance procedure by the Superintendency, whenever they incur in any of the following conditions:

1. Grounds applicable to companies of the financial system or of the insurance system:

a. Non-compliance with the obligation contained in Article 63;

b. Decrease in the effective equity or capital stock under the prescribed minimum;

c. Granting of loans to their own shareholders for use in covering the company's capital requirements;

d. Intentionally supplying false information to the Superintendency or to the Central Bank or cause the suspicion of the existence of fraud or significant changes in their financial position;

e. Refusal to make available their ledgers and business records for inspection by the Superintendency, or resist such submission;

f. Refusal of their directors, managers and other officials and employees to make statements to the Superintendency with respect to the transactions and business of the company;

g. It becomes impossible due to the absence of the legal minimum number of votes in favor, as prescribed by Article 75, to secure the timely approval by the General Shareholders' Meeting, of the resolutions required for the adequate running of the company; and,

h. Cases of notorious or repeated violations of the Law, their bylaws or the general or specific regulations issued by the Superintendency or the Central Bank.

2. Grounds applicable to companies of the financial system:

a. Non-compliance with the requirements for the legal reserve for all of the consecutive periods comprised within three (3) months, or during periods which, combined, entail a term of five (5) months within a period of twelve (12) months, ending on the date of the last deficit;

b. Need to request the financing of their obligations which, in the opinion of the Superintendency, constitutes a sign of structural financial insufficiency for complying with regulations governing reserves, or which tends to become permanent;

c. Need to request the financial assistance of the Central Bank for more than ninety (90) days during the last one hundred and eighty (180) days;

d. Excess of the limits set forth in Articles 206, 207, 208 and 209 during three (3) months within a period of twelve (12) months, ending on the date when the last excess took place;

e. Infraction with respect to other individual or overall limits, in a frequency or magnitude which, in the opinion of the Superintendency, reveals an inadequate management of the business by the company, together with the failure to approve and implement corrective actions;

f. Reiterated non-compliance with servicing the public, as prescribed in Article 139;

*g. The positions subject to credit risk and market risk described in Article 199 exceed the limit established thereby during a period of three (3) consecutive months or five (5) alternate months during the period of one (1) year; and,***(*)**

(*) Paragraph replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

“ g) When the effective equity is less than that established in the first paragraph of Article 199 during a period of three (3) consecutive months or five (5) alternate months during the period of one year, counted from the first month of the occurrence of non-compliance.**”**

h. Loss or reduction of more than 40% (forty percent) of the effective equity.

3. Grounds applicable to companies of the insurance system:

a. Non-compliance with requirements for investments, effective equity and limit of indebtedness during consecutive periods of three (3) months, or during terms which, combined, constitute a

duration of more than five (5) months during the period of twelve (12) months ending on the date of the last deficit;

b. Need to request the financing of their obligations which, in the opinion of the Superintendency, constitutes a sign of structural financial insufficiency for complying with their obligations; and,

c. Failure to submit the program prescribed in Articles 302 and 316, or having done so under terms which the Superintendency deems unacceptable.

4. Grounds applicable to companies of the insurance system carrying out transactions subject to credit risk: non-compliance with any of the grounds described in Item 2, Paragraphs d) and e).

In addition, the Superintendency may subject companies of the financial system or of the insurance system to a surveillance procedure, if it considers that there are justifiable serious grounds not prescribed herein. If this is the case of companies of the financial system, the Superintendency shall report the case to the Central Bank.

The decision of the Superintendency to submit a company to the surveillance procedure shall not cause a resolution to be issued. It shall be informed through a communication and kept under strict confidence. The Central Bank, the Fund and their respective employees, as well as the shareholders, directors and employees of the companies becoming subject of the surveillance procedure shall be liable for keeping the confidentiality thereof, with the provisions of Article 372 being applicable in these cases. Furthermore, the confidentiality obligation shall also apply to third parties described in Item 3 of Article 99. Infraction of this obligation shall be considered a serious offense, notwithstanding the liability determined by Article 249 of the Criminal Code."

REGULATORY COMPLIANCE: ***CIRCULAR Nº 017-2009-BCRP, Art. 3***

Article 96. DURATION

*The surveillance procedure shall have a duration of one hundred and twenty (120) days and may be renewed once for an identical term, but only if in spite of the efforts made and improvements accomplished the grounds cited in the preceding article prevail. Such extension shall not apply to cases prescribed in Items 1-c, 2-e and 2-f of the said article.**(*)***

(*) Article replaced by Article 1 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"**Article 96. DURATION**

The surveillance procedure shall have a duration of forty-five (45) days and may be renewed once for an identical term, but only if in spite of the efforts made and improvements accomplished the grounds cited in the preceding article prevail. Such extension shall not apply to cases prescribed in Items 1-c, 2-e and 2-f of the said article."

Article 97. REQUIREMENT FOR COMPANY SUBJECT TO THE SURVEILLANCE PROCEDURE

During the surveillance procedure, the competence and authority of the governing bodies of the company shall be maintained without any limitations other than those resulting from this Title.

Within a term of seven (7) days following the receipt of the pertinent communication the company subject to the surveillance procedure must propose a financial recovery plan to be implemented to the satisfaction of the Superintendency. Such plan must include any good judgement rules considered adequate by the Superintendency. Within seven (7) business days following the approval of the aforesaid plan and notwithstanding the commencement of its implementation during the term, the relevant formalization agreement must be signed.

Furthermore, the company must demonstrate in the frequency prescribed in the said agreement, an improvement in its position, which must mandatorily include new cash contributions to the capital stock.

Article 98. RECOVERY AGREEMENT

The agreement referred to in the preceding article, to be entered into with companies of the financial system shall be communicated by the Superintendent to the Central Bank, which shall be kept informed of its implementation every fifteen (15) days, as well as of its possible extension.

Article 99. **POWERS OF THE SUPERINTENDENCY**

During the Surveillance Procedure, the Superintendency shall have the power to:

1. Evaluate the effective equity of the company and carry out studies to determine the possibility of rehabilitation.

*2. Require shareholders to make, or obtain from third parties, additional capital suscriptions within the terms stated in the agreement in order to ensure the success thereof, or if additional loss damaging the assets of the company is detected.****(*)***

(*) Article amended by Article 1 of Law Nº 27008, published on December 5, 1998, the text of which reads as follows:

“Article 99. Powers of the Superintendency

At any time during the Surveillance Procedure, the Superintendency shall have the power to:

1. Evaluate the effective equity of the company and carry out studies to determine the possibility of rehabilitation;

2. Determine the effective equity of the company and, if applicable, order the offset of losses by charging legal and voluntary reserves and the capital stock; and,

3. Require immediate new cash contributions from shareholders. In the event that the shareholders do not make the said contributions, they shall lose their preferred rights. The Superintendency shall have the right to secure the necessary contributions from third parties.”

Article 100. POWERS OF THE APPOINTED OFFICIAL

Notwithstanding the provisions of the preceding article, the Superintendent may appoint an official, with the following powers:

1. In the case of companies of the financial system, he may request any information he may deem necessary, particularly with respect to deposits and loans.

2. In the case of companies of the insurance system, he may request any information he may deem necessary, particularly with respect to their operations.

3. As an observant, attend Board of Directors' and shareholders' meetings.

Article 101. **EFFECTS OF THE SURVEILLANCE PROCEDURE**

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.

2. In the case of companies of the financial 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, and then 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) The amount of any subsequent recovery of loans must be deposited into accounts stated to in the preceding paragraph.

d) No new market risk positions related to "commodities" and with share certificates increasing the risk may be assumed. In the case of new positions subject to foreign exchange risk and related to debt securities, these shall be limted to risk coverage.

*Provisions set forth in Item 2, Paragraphs (b) and (c) are only applicable to the cases in which submission to the surveillance procedure has arosen from reserve deficit or non-compliance of global limits.****(*)***

(*) Article replaced by Article 1 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 101. **EFFECTS OF THE SURVEILLANCE PROCEDURE**

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 General 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 capital contribution referred to in Article 99, Point 3 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 financial 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, Paragraph 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% (four percent) of the capital stock, and all of them combined do not account for a 15% (fifteen percent) share of the said capital stock, and;

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 General Shareholders' Meetings, and major non-preferred creditors."***(*)**

(*) Article replaced by Article 1 of Law Nº 27331, published on July 28, 2000, the text of which reads as follows:

"Article 101. Effects of the Surveillance Procedure

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 General 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 especially for the implementation of the capital contribution referred to in Article 99, Point 3 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, and then 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.***(*)**

(*) Paragraph replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

" c) The Superintendency may limit the development of specific activities increasing the company's risk. Companies may develop such activities again, once those have been previously authorized by the Superintendecy.**"**

In the case of Item 1, Paragraph 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% (four percent) of the capital stock, and all of them combined do not account for a 15% (fifteen percent) share of the said capital stock; and

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 General Shareholders' Meetings, and major non-preferred creditors."

Article 102. END OF THE SURVEILLANCE PROCEDURE

The Superintendent shall end the surveillance procedure whenever he considers that the grounds for institution have disappeared, or when the company has incurred in any of the grounds for intervention prescribed in Article 103 et seq.

The Superintendent shall also have the power to end the surveillance procedure before the expiry of the prescribed term, if he considers that it will not be possible to overcome the problems detected during the said term.

TITLE VI

INTERVENTION

REGULATORY COMPLIANCE: R.M. Nº 581-2008-EF-15, Art. 8 and 9

R.M. Nº 159-2009-EF-15, Art. 8

SOLE CHAPTER

INTERVENTION

Article 103. INTERVENTION

*Any company incurring in lack of effective equity or in attitudes of disobedience or presumption of fraud must be intervened by resolution of the Superintendency. The intervention must first be reported to the Central Bank.**(*)***

(*) Article amended by Article 2 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 103. INTERVENTION

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 be reported to the Central Bank."

Article 104. GROUNDS FOR INTERVENTION DUE TO LACK OF EFFECTIVE EQUITY

The following shall be grounds for intervention of companies of the financial system or of the insurance system due to lack of effective equity:

1. Suspension of payment of their obligations;

2. Loss or reduction by more than 50% of the effective equity of the solvency equity; and,

*3. Non-compliance, during the surveillance procedure, with requirements of capital, legal reserve or guaranty, with caution rules or with all the commitments assumed in the agreed recovery plan.**(*)***

(*) Article amended by Article 2 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 104. GROUNDS FOR INTERVENTION

The following shall be grounds for intervention of companies of the financial system or of the insurance system:

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, whenever positions subject to credit risk or market risk represent twenty-five (25) times more than the total effective equity.***(*)**

(*) Item replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

" 3. In the case of companies of the financial system, whenever effective equity represents less than half that required in the first paragraph of Article 199.**"**

*4. Loss or reduction by more than 50% (fifty percent) of the effective equity; and,***(*)**

(*) Item replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

" 4. Loss or reduction by more than 50% of the effective equity during the last 12 months.**"**

5. In the case of companies of the insurance system, the loss or reduction of the effective equity to under 50% (fifty percent) of the solvency equity."

Article 105. DURATION OF THE INTERVENTION DUE TO LACK OF EFFECTIVE EQUITY

*An intervention carried out in accordance with the preceding article may not take more than one (1) year. Once this period has expired, the corresponding resolution shall be issued, ordering the dissolution of the company and for the commencement of the relevant liquidation process.**(*)***

(*) Article amended by Article 2 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

" Article 105. DURATION OF THE INTERVENTION

An intervention carried out in accordance with the preceding article shall have a duration of forty-five (45) days, extendable once for an identical period. Once this period has expired, the corresponding resolution shall be issued, ordering the dissolution of the company and for the commencement of the relevant liquidation process.

The intervention procedure may finish before the end of the term prescribed in the preceding article, whenever the Superintendent deems it convenient. The corresponding resolution must be previously reported to the Central Bank."(*)(**)

(*) In accordance with Article 1 of Urgency Decree Nº 027-2001, published on 03-03-2001, the Superintendency is empowered to exceptionally extend, up to 45 additional days, the Intervention Scheme to which financial companies are subject, transfer of which is being promoted by the respective Special Commission for the Promotion of Corporate Reorganization (CEPRE *in Spanish*).

(**) In accordance with Article 1 of Urgency Decree Nº 028-2001, published on 03-10-2001, the Superintendency is empowered to exceptionally extend, up to 45 additional days, the term prescribed by this Article in those cases in which the shareholders of the companies under the intervention scheme have made ??additional contributions during that period in order to reduce the existing loss, and express their commitment to manage during that period to maximize the payment of their obligations with depositors, policyholders and other creditors, as appropriate.

Article 106. EFFECTS OF THE INTERVENTION DUE TO LACK OF EFFECTIVE EQUITY

The following are unavoidable effects of the intervention due to lack of effective equity:

1. The competence of the general shareholders' meeting shall be limited exclusively to the issues dealt with in this chapter;

2. Loss settlement against legal and voluntary reserves and, where approrpiate, against capital stock;

3. The application of the necessary portion of the company's subordinate debt, if applicable, to absorb the losses;

4. Loss of the preferential right of shareholders to subscribe new shares;

*5. Deprivation of directors' voting rights that may be applied to the sessions performed by the General Shareholders' Meeting or equivalent body, once the restriction set forth in Item 1 has been lifted, if the intervention had been also arranged on merit of the grounds specified in Items 1 to 5, 7 and 8 of Article 107.**(*)***

(*) Article amended by Article 2 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 106. EFFECTS OF THE INTERVENTION

The following are unavoidable effects of the intervention procedure, and they shall prevail for as long as it lasts:

1. The competence of the general shareholders' meeting shall be limited exclusively to the issues dealt with in this chapter;

2. The suspension of the company's business;

3. The application of the necessary portion of the company's subordinate debt, if applicable, to absorb the losses, after having complied with the provisions of Item 1 of Article 107;

4. The application of the prohibitions contained in Article 116, as from the publication of the resolution determining the submission to the intervention procedure; and,

5. Other steps which the Superintendency may deem relevant to ensure compliance with the provisions of this chapter."

Article 107. EFFECTS OF THE INTERVENTION DUE TO DISOBEDIENCE AND PRESUMPTION OF FRAUD

The following shall be grounds for intervention of companies of the financial system or of the insurance system due to disobedience and presumption of fraud:

1. Failure to submit, if necessary, the recovery plan referred to in Articles 97, 302 and 316 or having done so under terms which the Superintendency deems unacceptable;

2. Refusal to execute an agreement with the Superintendent to formalize the recovery plan;

3. Intentionally supplying false information to the Superintendency or to the Central Bank or cause the suspicion of the existence of fraud or significant changes in their financial position.

4. Refusal to make available their ledgers and business records for inspection by the Superintendency, or resist such submission;

5. Refusal of their directors, managers and other officials and employees to make statements to the Superintendency with respect to the transactions and business of the company

6. It becomes impossible due to the absence of the legal minimum number of votes in favor, as prescribed by Article 75, to secure the timely approval by the General Shareholders' Meeting, of the resolutions required for the adequate running of the company;

7. Cases of notorious or repeated violations of the Law, their bylaws or the general or specific regulations issued by the Superintendency or the Central Bank; and,

*8. Other grounds that, by its seriousness, require the Superintendent to order the intervention.**(*)***

(*) Article amended by Article 2 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"**Article 107. POWERS OF THE SUPERINTENDENCY**

During the intervention procedure, the Superintendency shall enjoy the following powers:

1. Determine the effective equity and payoff 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 Paragraph 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 carry out such transfers, the consent of the debtor or creditor shall not be required, except 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."

Article 108. DURATION OF THE INTERVENTION DUE TO DISOBEDIENCE AND PRESUMPTION OF FRAUD

*The intervention stated on the basis of the grounds mentioned in the preceding Article may not extend more than thirty (30) days and shall cease as soon as the ground that caused it is solved. This period may be extended for the same term, for once.**(*)***

(*) Article repealed by Article 11 of Law Nº 27102, published on May 6, 1999.

Article 109. INTERVENTION - CALL TO GENERAL SHAREHOLDERS'MEETING

If the intervention had been caused exclusively by any of the grounds referred to in Article 107, the Superintendent issues the respective resolution. That resolution calls immediately to General Shareholders' Meeting in order to, on the one hand, adopt the necessary arrangements with the aim of overcoming the lack that motivated the intervention and, on the other, proceed to the choose a new Board of Directors which, in turn, appoints a new Management

*At that session, those who during intervention, or during the previous two years, have been members of the Board of Directors of the company, or who are related to them as established by the Superintendency are prohibited from voting. Such persons are required to transfer their shares during the period specified by the said body.**(*)***

(*) Article repealed by Article 11 of Law Nº 27102, published on May 6, 1999.

Article 110. INTERVENTION - APPOINTMENT OF A NEW BOARD OF DIRECTORS

The Superintendent shall appoint a new Board of Directors, only in the event of the following circumstances:

1. The General Shareholders' Meeting did not meet on one of the dates for which it was convened;

2. The General Shareholders' Meeting did not approve the removal and substitution of the Board of Directors;

3. None of the shareholders with voting rights individually represents at least four percent (4%) of the capital stock, and all of them combined do not account for a fifteen percent (15%) share of the said capital stock; and,

4. 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 General Shareholders' Meetings, and major non-preferred creditors.**(*)***

(*) Article repealed by Article 11 of Law Nº 27102, published on May 6, 1999.

Article 111. THE BOARD OF DIRECTORS ORDERS TO ESTABLISH THE ACTUAL VALUE OF ASSETS

*Once the Board of Directors has bee made up in accordance with Articles 109 and 110, it shall take steps to ensure that, within ninety (90) days, a specialized firm determines the actual value of the assets of the company.**(*)***

(*) Article repealed by Article 11 of Law Nº 27102, published on May 6, 1999.

Article 112. SUBMISSION OF THE INTERVENED COMPANY TO THE SURVEILLANCE PROCEDURE

If the actual value of assets is greater than fifty percent (50%) of book value, the company is subjected to the surveillance procedure referred to in the Single Chapter of Title V of this Section, in order to recover lost capital with new contributions.

*The new shares may not be subscribed by those who have been forced to sell their shares, in accordance with the provisions set forth in Article 109, unless their waiver to the agreements, attitudes or omissions that caused the intervention is refutably certified.**(*)***

(*) Article repealed by Article 11 of Law Nº 27102, published on May 6, 1999.

Article 113. POSSIBILITY OF A NEW INTERVENTION

*If the actual value of the assets of the company did not exceed the fifty percent (50%) of book value, the Superintendent shall proceed to make a new intervention on the grounds mentioned in Item 2 of Article 104.**(*)***

(*) Article repealed by Article 11 of Law Nº 27102, published on May 6, 1999.

TITLE VII

DISSOLUTION AND LIQUIDATION

REGULATORY COMPLIANCE: R.M. Nº 581-2008-EF-15, Art. 8 and 9

R.M. Nº 159-2009-EF-15, Art. 8

CHAPTER I

GENERAL PROVISIONS

Article 114. 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;

2. The grounds cited in the relevant articles of the General Corporation 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 Record Office 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.

REGULATORY COMPLIANCE: CIRCULAR Nº EEL-1-2008 (Circular on the Submission of Supplementary Financial Information of Companies Undergoing Liquidation)

Article 115. REHABILITATION OR LIQUIDATION PROCESS

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 entities, 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.

Appointment shall be done through a public bidding. 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.**(*)***

(*) Article amended by Article 3 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 115- REHABILITATION OR LIQUIDATION PROCESS

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 entities, 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 General Corporation Law being applicable when pertinent. The Supreme Court shall appoint the liquidators and the corresponding monitoring of the liquidation process shall be the exclusive responsibility of the Judiciary."

Article 116. PROHIBITIONS

As from the date of publication of the resolution ordering the dissolution of a company of the financial system or of the insurance system, it shall be prohibited from:**(*)**

(*) Paragraph replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"ARTICLE 116. PROHIBITIONS

As from the date of publication of the resolution ordering the dissolution of a company of the financial system or of the insurance system of the country, it shall be prohibited from:**"**

1. Initiating any judicial or administrative processes with respect to collections from the company.

2. Pursuing the execution of any court orders issued against it.

3. Constituting liens over any of its assets as a guaranty against any existing obligations.

*4. Making payments or advances or providing compensation or assuming obligations on its behalf, with any funds or assets it owns and which are in the possession of third parties, except for compensation to be made between companies of the system.***(*)**

(*) Item replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

" 4. Making payments or advances or providing compensation or assuming obligations on its behalf, with any funds or assets it owns and which are in the possession of third parties, except for:

i. Compensation made between companies of the financial system or of the insurance system of the country; and,

ii. Compensation of reciprocal obligations from repurchase agreements and operations with financial derivatives, made with domestic and foreign financial institutions and insurance companies. To this effect, reciprocal obligations and margins will be considered as those arising from sale operations with commitment of repurchase, simultaneous sale and purchase of securities, temporary transfer of securities, and operations with financial derivatives, that are entered into between the same parties in one or more occasions under the Peruvian or foreign laws, in accordance with the same master agreement. The Superintendency will establish the minimum characteristics that the master agreements entered into by the companies shall comply, considering for this the agreements generally accepted in the international markets.

Companies shall submit the signed agreements to the Superintendency in accordance with this subsection. Compensation will proceed only if such agreements meet the characteristics established by the Superintendency, and as long as they have been brought to the notice of the Superintendency before the date of submission by the companies to the procedure of intervention or dissolution and liquidation." ***(*)***

(*) Item amended by the Single Amendatory Supplementary Provision of Law Nº 30052, published on June 27, 2013, the text of which reads as follows:

" ii. Compensation of reciprocal obligations from sale operations with commitment of repurchase, simultaneous sale and purchase of securities, temporary transfer of securities, and operations with financial derivatives, made with domestic and foreign financial institutions and insurance companies. Compensation will include the margins supporting such operations. To this effect, reciprocal

obligations and margins will be considered as those arising from sale operations with commitment of repurchase, simultaneous sale and purchase of securities, temporary transfer of securities, and operations with financial derivatives, that are entered into between the same parties in one or more occasions under the Peruvian or foreign laws, in accordance with the same master agreement. The Superintendency will establish the minimum characteristics that the master agreements entered into by the companies shall comply, considering for this the agreements generally accepted in the international markets.

Companies shall submit the signed agreements to the Superintendency in accordance with this subsection. Compensation will proceed only if such agreements meet the characteristics established by the Superintendency, and as long as they have been brought to the notice of the Superintendency before the date of submission by the companies to the procedure of intervention or dissolution and liquidation.**"**

" iii. Compensation of reciprocal obligations from sale operations with commitment of repurchase, simultaneous sale and purchase of securities and temporary transfer of securities, made with the Ministry of Economy and Finance or the Central Reserve Bank of Peru in accordance with the agreement templates and legal provisions approved by such institutions for their relevant operations. Compensation will include the margins supporting such operations.

Companies shall submit the master agreements entered into with the Ministry of Economy and Finance and with the Central Reserve Bank of Peru to the Superintendency. Compensation will proceed only if such agreements have been brought to the notice of the Superintendency before the date of submission by the companies to the procedure of intervention or dissolution and liquidation.**"** **(*)**

(*) Item added by the Single Amendatory Supplementary Provision of Law Nº 30052, published on June 27, 2013.

REGULATORY COMPLIANCE: Law Nº 30052 (Reporting Operation Act), Art. 11

Article 117. UNSEIZABILITY AND ORDER OF PRIORITY IN THE PAYMENT OF OBLIGATIONS OF A COMPANY UNDERGOING LIQUIDATION

The assets of a company undergoing liquidation shall not be subject of any type of precautionary measure whatsoever. Any precautionary measures issued prior to the respective resolution of the Superintendency shall be lifted due to the mere existence of the latter, under liability of the ordering authority.

The obligations of a company of the financial system or of the insurance system undergoing liquidation shall be paid observing the following order of priority:

A. LABORAL OBLIGATIONS

1. Compensation; 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. SAVINGS GUARANTY.

*1. The funds deriving from financial brokerage activities, such as deposits or other transactions prescribed by the Law, which have not been charged to the Fund.*In addition, any credits of those insured, and if applicable of their beneficiaries and credits of those reinsured with reinsurance companies or those of the latter with the former.

2. Those derived from the use of Fund resources for the fulfillment of its purposes.

C. TAX OBLIGATIONS

1. Those corresponding to the Peruvian Institute of Social Security, 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 notwithstanding 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.**(*)***

(*) Article amended by Article 3 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

“Article 117. PRECAUTIONARY MEASURES AND ORDER OF PRIORITY IN THE PAYMENT OF OBLIGATIONS OF A COMPANY UNDERGOING LIQUIDATION

The assets of a company undergoing liquidation shall not be subject of any type of precautionary measure whatsoever. Any precautionary measures issued prior to the respective resolution of the Superintendency shall be lifted due to the mere existence of the latter, under liability of the ordering authority.

The obligations of a company of the financial system or of the insurance system undergoing liquidation shall be paid observing the following order of priority:

A. LABOR OBLIGATIONS

1. Compensation; 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. SAVINGS GUARANTY

The funds deriving from financial brokerage activities, such as deposits or other transactions prescribed by the Law, which have not been charged to the Fund. Likewise, the contribution made by the Fund and funds used for making its coverage effective. In addition, any credits of those insured, and if applicable of their beneficiaries and credits of those reinsured with reinsurance companies or those of the latter with 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 notwithstanding 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."

REGULATORY COMPLIANCE: Law Nº 29637, Art 18 (Law regulating Covered Mortgage Bonds)

Article 118. ITEMS EXCLUDED FROM THE ESTATE

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 asset pool, including those of the credit insurance.

3. 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 transferred to another company of the financial system through the granting of rights or, otherwise, through a trust.

4. 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.

5. Any amounts deriving from payments made on behalf of the company to cover balance of clearing houses.

*For the purposes of Items 2 and 3, the Superintendency shall arrange delivery to another company or companies through bidding processes.**(*)***

(*) Article amended by Article 3 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

*"**Article 118. ITEMS EXCLUDED FROM THE ESTATE***

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 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 balance of clearing houses.

*For the purposes of Item 2, the Superintendency shall arrange delivery to another company or companies through bidding processes."***(*)**

(*) Article replaced by Article 1 of Law Nº 27331, published on July 28, 2000, the text of which reads as follows:

"Article 118. Items excluded from the Estate

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 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 balance of 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 regulations issued by the Superintendency.

For the purposes of Point 2, the Superintendency shall arrange delivery to another company or companies through bidding processes."

REGULATORY COMPLIANCE: ***Circular Nº 015-2009-BCRP, Art. 7***

Circular Nº 039-2010-BCRP, Art. 20

Circular Nº 018-2011-BCRP, Art. 20

Article 119. 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 paragraph 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*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.

Article 120. DEBTS OF THE COMPANY CONTINUE ACCRUING INTEREST

The debts 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.

Article 121. PORTFOLIO TRANSFERS

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.

Article 122. POSSIBILITY OF APPEAL TO THE SUPERINTENDENCY

In the case that a claim based on the provisions set forth in Article 118 is declared groundless by the liquidator or liquidators, the interested party may file an appeal with the Superintendency within fifteen (15) business days from being notified of such decision.

The Superintendency must resolve the case within a term of thirty (30) days.

Article 123. LACK OF LIQUIDITY OF THE COMPANY UNDERGOING LIQUIDATION

If the company of the financial system or of the insurance system did not have sufficient liquidity to serve the reimbursements prescribed in Article 118, after deducting their fees, the liquidators put aside for this purpose the first income obtained from any collection of credits or sale of assets, with the order of priority set forth in Article 118 being applicable at all times.

CHAPTER II

CREDITORS' MEETING

Article 124. PROPOSED RESTRUCTURING PLAN

Creditors of a company which, in combination, represent at least thirty per cent (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 equity that will enable it to comply with the operational limits prescribed herein.

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.

Article 125. EVALUATION OF THE REHABILITATION PLAN

In order for the rehabilitation of the company being intervened to succeed, the Plan must be approved by the Superintendency, prior opinion of the Central Bank. The Central Bank shall issue its opinion based on the report prepared by the Superintendency.

Article 126. APPROVAL OF THE 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 takes 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.

Article 127. REVOCATION OF THE DISSOLUTION AND LIQUIDATION RESOLUTION

Any new contributions made as a result of the rehabilitation must be subscribed and paid-up within the term established by the plan for this purpose. Once this has been complied with, the Superintendency shall issue a resolution revoking the dissolution resolution, ending the liquidation process and convening a shareholders' meeting to appoint a new Board of Directors and a new manager.

The appointment may not include directors or managers who held such positions when the intervention took place or during the preceding two (2) years.

Article 128. DETERMINATION OF THE PURCHASE PRICE OF SHARES

In the case of limited liability 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 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 Points 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,

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.

Article 129. ADDITIONAL PROVISIONS FOR CREDITORS' MEETINGS

All other aspects relevant to the creditors' meetings referred to in the preceding articles shall be regulated by the Superintendency through general regulations.

SECTION TWO

FINANCIAL SYSTEM

(*) In accordance with Article 2 of Urgency Decree Nº 047-2002, published on 09-12-2002, by exception, the legal provisions related to debtor assessment and rating, credit concentrations and operating limits contained in this Section, shall not be applied to operations referred to in the said Urgency Decree, as it is in full force.

TITLE ONE

GENERAL PROVISIONS

CHAPTER I

RECITALS

Article 130. PROMOTION OF SAVINGS BY THE STATE

In accordance with the provisions of the Political Constitution, the State shall promote savings under a system of free competition.

Article 131. SAVINGS

Regardless of the method used, savings consists of the set of monetary deposits made by individuals and legal entities 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.

Article 132. WAYS TO REDUCE DEPOSITORS' RISK

In application of Article 87 of the Political Constitution, these are mechanisms through which attempts are made to additionally reduce 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 equity.

2. The constitution of the reserve referred to in Chapter III, Title III, Section One.

3. Maintaining the minimum capital stock at constant actual values, as prescribed in Article 18.

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.

REGULATORY COMPLIANCE: SBS Resolution Nº 41-2005

SBS Resolution Nº 6941-2008 (Approving the Regulations for Management of the Over-Indebtedness of Retailer Debtors, and amending the Accounting Manual for Companies of the Financial System)

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 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.***(*)**

(*) Subsection amended by the Sixth Amendatory Provision of Law Nº 27287, Securities Act, published on June 19, 2000, the text of which reads as follows:

"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 measures are applied 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 in the case of non-compliance. Under such circumstances, the company may use its right to compensation, as referred to in the following paragraph.

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. Assets subject to global and floating guaranties related to insurance credit contracts or with approved invoices or other credit contracts may only be executed by the holder of the right, excluding any third parties which may be creditors of the debtor, whether the latter is insolvent or not.***(*)**

(*) Subsection repealed by the Sixth Final Provision of Law Nº 28677, published on March 1, 2006, in force 90 days after the publication of the said Law.

13. The consolidated supervision of financial or mixed conglomerates.

REGULATORY COMPLIANCE: SBS Resolution Nº 11823-2010 (Approving Regulations for Consolidated Supervision of Financial and Mixed Conglomerates)

Article 133. PROVISIONS OF COMPANIES SUBJECT TO CREDIT RISK

Charging the profits account, companies engaged in transactions which are subject to credit risk shall implement the necessary general or specific provisions, depending on the credit rating, in accordance with general provisions issued by the Superintendency.

Generic provisions shall not exceed 1% of the regular portfolio, except for special situations.

*Without deducting the guaranties for the purposes of the constitution of the aforementioned generic or specific provisions, among other factors, credit rating shall take such guaranties under consideration.***(*)**

REGULATORY COMPLIANCE: SBS Resolution Nº 6941-2008 (Approving the Regulations for Management of the Over-Indebtedness of Retailer Debtors, and amending the Accounting Manual for Companies of the Financial System)

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 133. CREDIT RISK PROVISIONS

Charging the profits account, companies which are subject to credit risk shall implement the necessary general or specific provisions, depending on the credit rating, in accordance with general provisions issued by the Superintendency."

Article 134. MEASURES FOR ADEQUATE PROTECTION OF DEPOSITORS

In order to provide an adequate protection to depositors, and notwithstanding any other powers conferred by the Law, the Superintendency shall enjoy the following powers:

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 set forth in 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.

REGULATORY COMPLIANCE: SBS Resolution Nº 37-2008 (Approving Regulations for Comprehensive Risk Management)

Article 135. PUBLIC INFORMATION CONCERNING PERFORMANCE OF COMPANIES

Companies of the financial system must keep their clients informed of their economic and financial condition. To this effect, notwithstanding the annual reports to be adequately published, they shall be obliged to publish their financial statements in the Official Gazette and in a major newspaper of national circulation, at least four times per annum, at the times and with the details established by the Superintendency.

Publications shall be made in the Official Gazette within seven (7) days from the receipt of financial statements, under liability of the Director.

Article 136. RATING OF COMPANIES OF THE FINANCIAL SYSTEM

Every six (6) months, all companies of the financial system accepting deposits from the public must have a rating issued by at least two rating agencies. If two different ratings are given, the lowest rating shall 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.

REGULATORY COMPLIANCE: SBS Resolution Nº 18400-2010 (Approving Regulations for Rating of Companies of the Financial System and of the Insurance System)

Article 137. DISSEMINATION OF INFORMATION CONCERNING THE SITUATION OF COMPANIES

At least quarterly, the Superintendency must make available to the public, information concerning the main indicators of the situation of companies of the financial system, with respect to their credit and trading portfolios. It may also include the rating referred to in the second paragraph of the preceding article, as well as information relevant to loans, investments and other assets thereof, their rating and evaluation regarding their degree of potential recovery and equity and provisions levels.

Likewise, it may order companies subject to its control, to publish any other information it may deem necessary for public knowledge.

Article 138. CONSOLIDATED SUPERVISION

1. Consolidated Supervision of Financial Conglomerates

In order 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 on a consolidated and individual basis 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, the supervised companies shall be responsible for providing the Superintendency with 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 risk-weighted assets 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 Item 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.

The supervised companies shall be responsible for providing the Superintendency with all the information required for the undertaking of its functions as prescribed herein.

3. Sworn Declaration

The information shall be provided in a faithful and timely manner and in the form of a sworn declaration.

As a result of the consolidated supervision, the Superintendency may order companies under its supervision to adopt prevention measures aimed at reducing any risks they may deem inconvenient with respect to their transactions with other entities 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 139. BUSINESS HOURS AND CLIENT SERVICE RESTRICTIONS

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 force majeure 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. Reiterated occurrence of this type of act 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.

CHAPTER II

BANK SECRECY

Article 140. SCOPE OF THE PROHIBITION

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 bad checks.**(*)***

(*) Item amended by Article 8 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"1. The Superintendent and employees of the Superintendency, except for information concerning holders of current accounts which were closed for issuing bad checks."

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 Attorney General. For this purpose, companies must apply the international "Know Your Client" requirement.

Exempted from legal liability shall be companies and/or their employees who, in compliance with the provisions hereof, report to the Attroney General, 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 criminal actions or actions seeking compensation from the companies and/or their officials.

*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 requesting such information shall be liable of being charged with abuse of authority, as prescribed in Article 376 of the Criminal Code.***(*)**

(*) Article replaced by the First Supplementary, Temporary and Final Provision of Law Nº 27693, published on April 12, 2002, the text of which reads as follows:

"Article 140. SCOPE OF THE PROHIBITION

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 bad checks.

2. Directors and employees of the Central Reserve Bank of Peru.

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 criminal actions or actions seeking compensation from the companies and/or their officials.

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 requesting such information shall be liable of being charged with abuse of authority, as prescribed in Article 376 of the Criminal Code."

REGULATORY COMPLIANCE: SBS Resolution Nº 18400-2010, Art. 23 (Approving Regulations for Rating of Companies of the Financial System and of the Insurance System)

Article 141. SERIOUS OFFENSE BY PERSONS VIOLATING BANK SECRECY ACT

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.

Article 142. INFORMATION EXCLUDED FROM THE BANK SECRECY CONCEPT

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. Designing and monitoring monetary policies.

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 Item 1 of Article 134, or specialized risk rating agencies.

4. Whenever required by persons interested in purchasing at least thirty per cent (30%) of the company's capital stock.

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

Article 143. LIFTING OF BANK SECRECY

Bank secrecy shall not apply whenever information is required by:

1. Courts in the exercise of their responsibilities 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.

3. The Attorney General or the government of a country with which there are agreements to fight, suppress and punish illegal drug trafficking or terrorism, or generally, in the cases of suspicion of money 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 channelled 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.

CHAPTER III

DEPOSIT INSURANCE FUND

Article 144. CHARACTERISTICS AND PURPOSE OF THE FUND

The Deposit Insurance Fund, established in the Central Bank, does not have legal capacity and aims to protect those who make deposits in companies of the financial system, except as indicated in Article 145 and within the limits prescribed in Articles 152 and 153.

*The Central Bank provides the Fund with staff, premises, furniture, equipment and installations required, keeps the accounts and gives it a Technical Secretariat, making appropriate charges for this item.**(*)***

(*) Article replaced by Article 4 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 144. CHARACTERISTICS AND PURPOSE OF THE FUND

The Deposit Insurance Fund is a special private legal entity governed by the Law, regulations issued through Supreme Decree and its bylaws. Its purpose is to provide protection to those who make deposits in 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 transfer of deposits and assets 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 equity 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."***(*)**

(*) Article replaced by Article 1 of Law Nº 27331, published on July 28, 2000, the text of which reads as follows:

"Article 144. Characteristics and Purpose of the Fund

The Deposit Insurance Fund is a special private legal entity governed by the Law, regulations issued through Supreme Decree and its bylaws. Its purpose is to provide protection to those who make deposits in 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 equity 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."

Article 145. MEMBERS OF THE FUND

All of the companies of the financial system authorized to accept deposits from the public, as referred to in Point A of Article 16, are members of the Fund.

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

Article 146. MANAGEMENT OF THE FUND

The Fund is managed by a Council, made up of:

1. One representative of the Central Bank, appointed by its Board of Directors, who shall act as a chairman.

2. One representative from the Superintendency appointed by the Superintendent.

3. One representative from the Ministry, appointed by the Minister.

4. Three representatives of companies of the financial system, appointed in the manner prescribed by the regulations.

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 entities appointing them.

*The Administrative Council shall meet at least once per month, adopting its resolutions by, at least, four (4) representatives. In the event of a tie, the chairman shall cast the deciding vote.**(*)***

(*) Article replaced by Article 4 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 146. MANAGEMENT OF THE FUND

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 registries must register the Fund in the Register of Legal Entities, simply as a result of the provisions hereof.

The Superintendency shall provide 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. One representative from the Superintendency appointed by the Superintendent, who shall act as a chairman.

2. One representative of the Central Bank, appointed by its Board of Directors.

3. One representative from the Ministry, appointed by the Minister.

4. Three (3) representatives of companies of the financial system, appointed in the manner prescribed by the regulations.

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 entities 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 chairman shall cast the deciding vote."

Article 147. RESOURCES OF THE FUND

The following are the resources of the Fund:

1. The initial contribution made by the Central Bank.

2. Premiums paid in by companies of the financial system.

3. Those contributions from the application of Article 182.

4. Loans received by the Public Treasury.

5. The yield of its assets.

6. Money, securities and other assets deposited with Banco de La Nación, representing the remainder of liquidation processes, if five years lapse without being claimed.

7. Any income deriving from fines imposed by the Superintendency or the Central Bank.

*These resources are intangible and unseizable, and only may be used for the purposes provided herein. They are not subject to any existing or future taxes, including those requiring express provisions to this effect.**(*)***

(*) Article replaced by Article 4 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 147. RESOURCES OF THE FUND

The following are the resources of the Fund:

1. The initial contribution made by the Central Bank.

2. Premiums paid in by companies of the financial system.

3. Those contributions from the application of Article 182.

4. The yield of its assets.

5. Money, securities and other assets deposited with Banco de La Nación, representing the remainder of liquidation processes, if five (5) years lapse without being claimed.

6. Any income deriving from fines imposed by the Superintendency or the Central Bank.

7. Credit lines from the Public Treasury approved by Urgency Decree.

8. Credit lines obtained through guaranties pledged by the Public Treasury, approved by Urgency Decree.

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

The line of credit 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."

Article 148. 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, from a base of 0.65% 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.

Article 149. CRITERIA FOR INVESTING RESOURCES OF THE FUND

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.

Article 150. PROHIBITED INVESTMENTS

It shall be prohibited to invest the assets of the Fund in:

1.*Deposits or investments made in companies of the Peruvian financial system, regardless of the type, except for amounts required to cover oblgations immediately; and,*

*2. Purchases of machinery, equipment and furniture.**(*)***

(*) Article replaced by Article 4 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

“Article 150. PROHIBITED INVESTMENTS

Except as provided in Article 151, it shall be prohibited to invest the assets of the Fund in:

1. Deposits or investments made in companies of the Peruvian financial system, regardless of the type; and,

2. Purchases of machinery, equipment and furniture.”

Article 151. DESTINATION OF RESOURCES OF THE FUND

Resources of the Fund shall be assigned as follows:

1. The payment of insured deposits, in appropriate cases and up to the limits prescribed in Article 153

2. Agents' commissions for the payment of their obligations

*3. Other expenses necessary for its development, approved by the Administrative Council.**(*)***

(*) Article replaced by Article 4 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

“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 paragraph, through trusts or other mechanisms.

d. Sign call options contracts for the assets and liabilities considered in the preceding paragraph.

e. 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.

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 Item 1, the Fund can make new contributions."***(*)**

(*) Article replaced by Article 1 of Law Nº 27331, published on July 28, 2000, the text of which reads as follows:

"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 paragraph, through trusts or other mechanisms.

d) Sign call options contracts for the liabilities considered in the preceding paragraph.

*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 Superintendency 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.***(*)**

(*) Paragraph replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

" 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 of multiple operations, that are subject to the intervention procedure, only in exceptional situations determined by the Superintendency 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.

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 Paragraphs a) and b) of Item 1 and of Paragraph e) of Item 2, the Fund can make new contributions."

"Article 151-b: Exceptions

The constitution of the company referred to in Paragraph e), Item 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 provisions established in Chapters I, II and III of Title I of the First Section of the Law that this Superintendency deems 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 Point 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 General Corporation Law; and

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

(*) Article added by Article 2 of Law Nº 27331, published on July 28, 2000.

Article 152. TRANSACTIONS BACKED BY THE FUND

The Fund shall only back deposits made by individuals and non-profit organizations. It covers:

1. Nominal deposits of any type; and

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.

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 prior to the declaration of dissolution and liquidation, would have acted as directors of the company*o managers of the respective member.**(*)***

(*) Article replaced by Article 4 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 152. 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 entities, 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.**(*)***

(*) Paragraph replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"** In the case of joint accounts in the same member of the Fund, the coverage shall be applied in respect of the account, in accordance with the limits listed in Article 153 and the restriction resulting from the following paragraph."(*)***

(*) Paragraph replaced by Sole Article of Law Nº 29489, published on 23 diciembre 2009, the text of which reads as follows:

“ 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 prior to the declaration of dissolution and liquidation, would have acted as directors or managers 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.”

Article 153. MAXIMUM COVERAGE AND ADVERTISING

The maximum amount of coverage shall be S/. 12 206,00 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 shall 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.**(*)***

(*) Article amended by Article 1 of Law Nº 27008, published on December 5, 1998, the text of which reads as follows:

“Article 153. Maximum Coverage and Advertising

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 shall 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.”

REGULATORY COMPLIANCE: CIRCULAR Nº B-2151-2005

Circular Nº B-2154-2006

CIRCULAR Nº B-2170-2008

CIRCULAR Nº B-2174-2008

Article 154. DISSOLUTION OF A MEMBER OF THE FUND

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 by liquidators 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 (60) days from the date of posting of that notice. The claim must be certified by a notary.**(*)***

(*) Article amended by Article 1 of Law Nº 27008, published on December 5, 1998, the text of which reads as follows:

"**Article 154. Dissolution of A Member of The Fund**

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 (60) days from the date of posting of that notice. The claim must be certified by a notary."

Article 155. 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 or unseizable.

Article 156. INITIATION OF PAYMENTS TO BE MADE BY THE FUND

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, made by the clearing company. Such payments must be made in an uninterrupted manner.

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 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.**(*)***

(*) Article amended by Article 1 of Law Nº 27008, published on December 5, 1998, the text of which reads as follows:

“Article 156. Initiation of Payments to be made by the Fund

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.

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 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.”

Article 157. UNCOVERED PORTION OF DEPOSITS

The uncovered portion of deposits made by insured persons of a Fund member shall become credits to be accounted for the purposes of liquidation, in accordance with the provisions set forth in Article 117.

A company undergoing liquidation shall be obligated to the Fund, as from the date when payment of the insurance is initiated, in the total amount of monies in domestic and foreign currency which the Fund covers its clients, in accordance with the list indicated in Article 154, with the corresponding payment being made in accordance with the provisions set forth in Article 117.

CHAPTER IV

CREDIT REGISTRIES

Article 158. ORGANIZATION OF THE CREDIT REGISTRIES AND INFORMATION TO BE CONTAINED

The Superintendency shall be responsible for a comprehensive system to handle a register of financial, credit, commercial and insurance risks, called “Credit Registries”. 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 Credit Registry, once it has subscribed the corresponding contract with the Superintendency.

The Credit Registries 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 collateral pledged in favor of companies of the financial system which do not have a public register organized to this effect, including global and floating collateral for which guaranties the Credit Registries will produce the effects and functions of a public register;***(*)**

(*) Subsection repealed by the Sixth Final Provision of Law Nº 28677, published on March 1, 2006, in force 90 days after the publication of the said Law.

2. Any trusts entailing a transfer of assets, with an indication of the latter, also fulfilling information purposes; and

3. 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.

The Superintendency shall issue the relevant regulations.

Article 159. OBLIGATION TO PROVIDE 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.

REGULATORY COMPLIANCE: Circular Nº B-2189-2010 (Establishing Legal Provisions on the Correction of Errors in the Information contained in the "Credit Report of Debtors - RCD" and Communication to the Superintendency)

Article 160. PRIVATE CREDIT REGISTRIES

Legal entities 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 Registries referred to in Article 158 to the private sector.

CHAPTER V

RESERVES

Article 161. RESERVES

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

Article 162. MINIMUM LEGAL RESERVE AND ADDITIONAL RESERVES

The minimum legal reserve shall be no more than 9% 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.

Article 163. CONSTITUTION AND UNSEIZABILITY OF LEGAL RESERVES

Legal reserves may only be constituted by:

1. Cash in the account of the relevant company; and

2. Deposits with 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 unseizable. For the purposes of their calculation, such amounts shall be equivalent to the required legal reserve appearing on the last available legal reserve report.

REGULATORY COMPLIANCE: LAW Nº 28677, Art.4

Article 164. RESPONSIBILITIES OF THE CENTRAL BANK

The Central Bank is responsable for:

1. Determining the minimum legal reserve rate and the rates corresponding to the additional or marginal reserves referred to in Article 162 of the Law.

2. Ensuring compliance with the legal reserves and imposing any pertinent sanctions, without prejudice to the supervisory function of the Superintendency.

3. Establishing the periods for legal reserves.

4. Determining the obligations which will be subject to legal reserve.

5. Establishing the method and basis of calculation to be applied.

6. Indicating the contents of reports to be submitted with respect thereto.

7. Issuing any legal reserve regulations necessary for the implementation of its policies.

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, one (1) year after the submission of a report, it shall be deemed accurate and final.

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.

CHAPTER VI

GUARANTIES

Article 167. RIGHT OF EXECUTION OF THE GUARANTY

*Any joint and several guaranty with a waiver of the right to excussion of a security, confers the right to execution against its subscriber, in the same terms as prescribed by applicable legislation with respect to guarantors.***(*)**

(*) Article repealed by the First Repealing Provision of Law Nº 27287, published on June 19, 2000, in force 120 days after its publication in the Official Gazette "El Peruano", in accordance with Article 278 of the said Law.

Article 168. RENEWAL OF SECURITIES IN THE POSSESSION OF COMPANIES OF THE SYSTEM

*Any securities in the possession of a company of the financial system representing obligations in its favor may be renewed thereby upon expiry or thereafter, provided the debtor has issued its recent consent in advance and the negotiable instruments have not expired. In such case, the calculation of the prescription term shall start on the expiry date of each renewal.****(*)***

(*) Paragraph amended by Article 8 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Any securities in the possession of a company of the financial system representing obligations in its favor may be renewed thereby upon expiry or thereafter, provided the debtor has issued its recent consent in advance and the negotiable instruments have not expired. In such case, the calculation of the prescription term shall start on the expiry date of each renewal."

*In the case of extension and renewal of warrants with respect to perishables, the express approval of the general warehouses issuing the instrument must be obtained.***(*)**

(*) Article repealed by the First Repealing Provision of Law Nº 27287, published on June 19, 2000, in force 120 days after its publication in the Official Gazette "El Peruano", in accordance with Article 278 of the said Law.

Article 169. PRESUMPTION OF GUARANTY ENDORSEMENT

Whenever a security or other instrument subject of negotiation by endorsement, except for checks, is 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.

Article 170. 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.

Regarding the pledging of stock, the pertinent provisions of the General Corporation Law or of the Securities Market Act, as the case may be, shall govern.

Article 171. PRE-EMPTIVE NATURE OF SECURITY

The pre-emptive nature of security, whether or not registered, shall not be affected by the eventual existence of tax obligations of the debtor.

Article 172. GUARANTIES BACK ALL OBLIGATIONS WITH THE COMPANY

Except for mortgages related to mortgage instruments, all assets pledged in mortgages, as collateral or warrant in favor of a company of the financial system, back all existing and future, direct and indirect, own debts and obligations assumed with the company by the debtor who pledges them as collateral, unless otherwise stipulated.(*)

(*) Paragraph amended by Article 1 of Law Nº 27682, published on 03-09-2002, the text of which reads as follows:

Article 172. GUARANTIES BACK ALL OBLIGATIONS WITH THE COMPANY

*"All assets pledged in mortgages, as collateral or warrant in favor of a company of the financial system, back all debts and obligations expressly assumed with the company by the debtor who pledges them as collateral. Any agreement to the contrary shall be null and void."***(*)**

(*) In accordance with Article 1 of Law Nº 27851(*), published on 10-22-2002, Article 1 of Law Nº 27682 is amended (*), the text of which reads as follows:

Article 172. GUARANTIES BACK ALL OBLIGATIONS WITH THE COMPANY

"All assets pledged in mortgages, as collateral or warrant in favor of a company of the financial system, back all existing and future own debts and obligations assumed with the company by the debtor who pledges them as collateral, provided that the contract stipulates so.

When the assets pledged as collateral in favor of a company of the financial system belong to a person different from the debtor, these only back debts and obligations of the debtor expressly specified by the person pledging the collateral."

The release and extinction of any security pledged in favor of companies of the financial system shall need to be expressly declared by the creditor company. The extinction prescribed in Article 3 of Law 26639 shall not be applicable to any lien instituted in favor of the company.

(*) Subsequently, Law Nº 27851 and Law Nº 27682 were repealed by the Sixth Final Provision of Law Nº 28677, published on March 1, 2006, in force 90 days after its publication.

REGULATORY COMPLIANCE: SBS Resolution Nº 237-2002-SUNARP-SN

SBS Resolution Nº 942-2003, Art. 9, últ.párrafo

R. Nº 540-2003-SUNARP-SN, Land Registration Regulations, Art. 115

R. Nº 237-2002-SUNARP-SN, Art. 1 (Effectiveness of guaranties pledged before the validity of Article 1 of Law Nº 27682)

R. Nº 248-2008-SUNARP-SN, Art. 92 (Guaranties pledged in favor of Companies of the Financial System)

Article 173. EXTENSION OF CORRESPONDING COMPENSATION

All collateral and mortgages pledged in favor of companies of the financial system shall be extended to the corresponding compensation in case of an occurrence, if the property is insured, and notwithstanding any insurance which may have been contracted in favor of the company.

Without the need of a court order, and upon the simple written request of the company of the financial system, insurance companies shall be obliged to provide the corresponding compensation, under liability of duplicate payment in the event that compensation is provided to a third party.

In the case of insurance covering goods backed by warrants, the collection of the relevant compensation shall be done in accordance with the provisions of Law 2763 governing warrants and general warehouses.

Article 174. EXTENSION OF THE AMOUNT TO BE PAID BY THOSE 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 is 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 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.

Article 175. 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.

Article 176. 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 Record Office Office, applying as applicable, the provisions of Decree Law 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 record office 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.

REGULATORY COMPLIANCE: GUIDELINES Nº 010-2002-SUNARP-SN, Item 4.5

CHAPTER VII

SUNDRY PROVISIONS

Article 177. NON-APPLICATION TO COMPANIES OF REGULATIONS GOVERNING INSOLVENCY AND EQUITY RESTRUCTURING

Cases of insolvency, and if applicable, of equity restructuring of companies governed by the Law shall only be subject to the provisions contained herein.

Any responsibility of the directors and managers of companies of the financial system or of the insurance system declared to be undergoing dissolution or liquidation shall be subject to the provisions of Articles 209, 210, 211 and 213 of the Criminal Code.

Article 178. RELATIONSHIP BETWEEN TERMS AND CURRENCIES OF LENDING AND BORROWING TRANSACTIONS

*Companies of the financial system must ensure an adequate relationship, although not necessarily exact, between the terms of their lending and borrowing transactions, as well as between the respective deposits and loans and investments. Such relationship must also apply with respect to exposure in foreign currency.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"ARTICLE 178. MANAGEMENT OF ASSETS AND LIABILITIES

Companies must establish an adequate process of management of assets and liabilities. This process must include identification, measurement, control and report of risks to which they are exposed due to the provision of financial services, such as liquidity risk, market risk and operational risk."

REGULATORY COMPLIANCE: SBS Resolution Nº 9075-2012 (Approving Regulations for Management of Liquidity Risk)

Article 179. SWORN DECLARATION NATURE OF ALL INFORMATION SUBMITTED TO COMPANIES

All information supplied by a client to a company of the financial system or of the insurance system shall be treated as being supplied under a sworn declaration.

Anyone providing false information or documents concerning his economic or financial situation and directly or indirectly obtaining from a company of the financial system or of the insurance system one or more credit transactions, including financial leasing or rescheduling of credit or refinancing thereof, shall be subject to the sanction prescribed in the first paragraph of Article 247 of the Criminal Code.

Notwithstanding the criminal sanction indicated in the preceding paragraph, the company shall be empowered to terminate the relevant contract or declare all terms expired and proceed to execute the corresponding guaranties.

Debtors of companies of the financial system may not transfer their assets free of charge, without prior communication in writing to the creditor company. Transfers free of charge or for a price which may appear to be a simulation shall not be valid in accordance with the provisions of Article 219, Item 5) and Article 221, Item 3) of the Civil Code, as may be applicable.

The creditor may exercise the right stipulated in Article 1219, Item 4) of the Civil Code.

Article 180. AUDITING OF COMPANIES

In addition to legal provisions governing audits, the Superintendency shall establish internal and independent auditing requirements and standards to govern cases of companies of the financial system and of the insurance system. Companies shall submit independent auditors to the assessment of compliance with such requirements and standards, who shall issue their opinion on the subject in their report issued with respect to their financial statements.

Omission or defective compliance on the part of independent auditors with the provisions of the preceding paragraph shall be sanctioned by the Superintendency with their exclusion from the corresponding register.

REGULATORY COMPLIANCE: SBS Resolution Nº 11699-2008 (Approving the Internal Auditing Regulations)

Article 181. ADVERTISEMENT MADE BY COMPANIES

In any advertisements made by companies of the financial system with respect to the interest offered on deposits, it shall be mandatory to include the annual yield of the deposits. The

Superintendency shall sanction any such omissions as well as cases where the information included is inaccurate or leads to error.

REGULATORY COMPLIANCE: ***SBS Resolution Nº 1765-2005, Art. 11, Second Paragraph***

Article 182. DORMANT DEPOSITS FOR TEN YEARS

All deposits, securities or other assets of clients, which remain in a company of the financial system during 10 years, where no new deposits are added or any portion thereof or corresponding interest is withdrawn, and where no claims are submitted during such period, shall become resources of the Fund, together with their corresponding yield.

Article 183. TERM FOR PRESERVATION OF DOCUMENTS

Companies of the financial system shall be obliged to keep their books and records for a period of no less than ten (10) years. If within this term, any legal action is filed against them, the relevant obligation prevails for as long as the process lasts, with respect to any documents which may be related to the subject of controversy.

For the purposes of the provisions of this article, microfilm and similar methods may be used, under application of relevant legislation.

TITLE II

LIMITS AND PROHIBITIONS

CHAPTER I

EFFECTIVE EQUITY

Article 184. EFFECTIVE EQUITY

The effective equity of companies may be used to cover credit and market risks and may be constituted as follows:

1. Paid-in capital, legal reserves and premiums for share subscriptions;

2. The portion used in the calculation of subordinate debt and bonds convertible to shares by the sole decision of the issuer, meeting the requirements issued to that effect as general regulations of the Superintendency, up to 50% of the book equity excluding shares which are cumulative and/or redeemable at fixed term, and non-committed profits; and

3. Generic provisions for loans and contingent credits comprising the regular portfolio, weighted by credit risk up to 1% of the said portfolio.

*The Superintendency shall issue regulations with respect to the application of the effective equity aimed at covering credit and market risks.***(1)(2)**

(1) In accordance with Article 1 of SBS Resolution Nº 1430-2006, published on November 5, 2006**, compulsory general provisions referred to in this paragraph must not be deducted from direct and indirect credits stated in Report Nº 2 - Annex A "Assets and Contingent Credits Weighted by Risk". Furthermore, voluntary general and specific provisions must be deducted from the corresponsing risk category.**

(2) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 184. EFFECTIVE EQUITY

The effective equity of companies may be used to cover credit, market and operational risks**.** It shall be determined by adding the basic equity and the supplementary equity together, as follows:

A. The basic equity or Tier 1 equity will consist of the following:

1. It will be added to paid-in capital, the legal reserves, the supplementary premium of capital and the optional reserves, if any, that can be only deducted with prior consent of the Superintendency. Paid-in capital includes common shares and perpetual non-cumulative preferred shares.

REGULATORY COMPLIANCE: SBS Resolution Nº 4595-2009, Art. 4

2. Profits of previous years and that of the current year, which have a capitalization agreement, are added.

3. Other elements gathering characteristics of continuance and absorption of similar losses to the elements in Item 1 are added, in accordance with regulations established by the Superintendency.

4. Losses of previous years and that of the current year are deducted, as well as the deficit of provisions that has been determined.

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 to in paragraph C of this Article is deducted. In case there is no Tier 2 equity, 100% (one hundred percent) of paragraph C will be deduced from Tier 1 equity.

Elements in item 3 will be only calculated up to 17.65 percent of the total amount corresponding to the elements in items 1, 2, 4, and 5.

REGULATORY COMPLIANCE: *SBS Resolution Nº 4727-2009, Art. 20*

B. The supplementary equity will be composed of Tier 2 equity plus Tier 3 equity.

Tier 2 equity will consist of the following:

1. Optional reserves, which can be deducted without prior consent of the Superintendency, if any, are added.

2. The computable part of the redeemable subordinated debt and of the instruments with characteristics of capital and debt, as indicated by the Superintendency, in accordance with Article 233, is added.

3. When using the standard method for determining whether the effective equity by credit risk is required, it is added the generic provisions up to one point twenty-five percent (1.25%) of the assets and contingencies weighted by credit risk. If internal models are used for the said equity requirement, it will be added up to zero point six percent (0.6%) of the assets and contingencies weighted by credit risk, in accordance with Article 189.

4. Half of the total amount referred to in paragraph C of this Article is deducted. If no Tier 2 equity, 100% (one hundred percent) of paragraph C will be deduced from Tier 1 equity.

Tier 3 equity will consist of the exclusive redeemable subordinated debt to bear market risk referred to in Article 233.

C. The concepts that must be deduced from Tier 1 equity and Tier 2 equity, in accordance with the preceding paragraphs are the following:

1. The amount of investment in shares and subordinated debt issued by other companies of the national and international financial and insurance systems.

2. The amount of investment in shares and subordinated debt in companies which financial statements need to be included in the consolidation, including the holding companies and subsidiaries referred to in Articles 34 and 224, in accordance with provisions established by the Superintendency.

3. The amount of the investment in shares in a company of the real sector which does not need to be included in the consolidation, not considered in the trading portfolio, exceeds 15% of the effective equity, and the amount which the total investment in shares in companies of the real sector which do not need to be included in the consolidation, not considered in the trading portfolio, exceeds 60% of the effective equity. The effective equity referred to in this paragraph will be calculated without including paragraphs 3 and 4 of this item.

4. If this is the case, the result of the application of Article 189.

The Superintendency will regulate the additional requirements that the components of the effective equity must satisfy.**"**

REGULATORY COMPLIANCE: SBS. Resolution Nº 4595-2009 (Approving Regulations for Calculation of Capital Instruments in the Effective Equity of Companies of the Financial System)

SBS Resolution Nº 9816-2009, Art. 1

Article 185. CALCULATION OF EFFECTIVE EQUITY

In the determination of the effective equity, accordingly adjusted to inflation, the following procedure shall be followed:

1. Sum of the paid-in capital, legal reserves, additional capital premium and voluntary reserves, if any.

2. Sum of profits in prior fiscal periods and of the current fiscal period, prior declaration, as prescribed in Article 187.

3. Sum of the portion used in the calculation of subordinate debt and bonds convertible to shares by the sole decision of the issuer, if any.

4. Sum of generic provisions for loans and contingent credits comprising the regular portfolio, weighted by credit risk, in the maximum percentage prescribed in Point 3 of the preceding article.

5. Subtraction of the amount of permanent investment in stock and subordinate debt, issued by other companies of the financial system or of the insurance system within the country or abroad.

6. Subtraction of the amount of any investments in stocks, bonds and similar instruments made in companies with which consolidation of financial statements may be in line, including holding companies and the subsidiaries referred to on Articles 34 and 224.

*7. Subtraction of any losses in previous fiscal periods and of the current fiscal period, as well as of the deficit in provisions which may be detected and which has not been charged to results.***(*)**

(*) Article amended by Article 1 of Law Nº 28184, published on March 2, 2004, the text of which reads as follows:

"Article 185. Calculation of Effective Equity

In the determination of the effective equity, accordingly adjusted to inflation, the following procedure shall be followed:

1. Sum of the paid-in capital, legal reserves, additional capital premium and voluntary reserves, if any.

2. Sum of profits in prior fiscal periods and of the current fiscal period, prior declaration, as prescribed in Article 187.

3. Sum of the portion used in the calculation of subordinate debt and bonds convertible to shares by the sole decision of the issuer, if any.

4. Sum of generic provisions for loans and contingent credits comprising the regular portfolio, weighted by credit risk, in the maximum percentage prescribed in Point 3 of the preceding article.

5. Subtraction of the amount of permanent investment in stock and subordinate debt, issued by other companies of the financial system or of the insurance system within the country or abroad.

6.Subtraction of the amount of any investments in stocks, bonds and similar instruments made in companies with which consolidation of financial statements may be in line, including holding companies and the subsidiaries referred to on Articles 34 and 224.

7. Subtraction of any losses in previous fiscal periods and of the current fiscal period, as well as of the deficit in provisions which may be detected and which has not been charged to results.

*8. Subtraction of the goodwill resulting from the company reorganization, as well as from the acquisition of investments."***(1)(2)**

(1) In accordance with Article 3 of Law Nº 28184, published on March 2, 2004, the amendment of this Article ordered by the said Law does not have tax effect.

(2) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 185. LIMITS IN THE CALCULATION OF EFFECTIVE EQUITY

In the determination of the effective equity, the following limits among components shall be respected:

1. The supplementary equity may not be superior to the basic equity.

REGULATORY COMPLIANCE: SBS Resolution Nº 4727-2009, Art. 20

2. The redeemable subordinate debt of level 2 equity may not be superior to 50% of the amount for basic equity referred to in Items 1, 2, 3, 4 and 5 of Paragraph A of Article 184.

REGULATORY COMPLIANCE: SBS Resolution Nº 4727-2009, Art. 20

3. The level 3 equity may not be superior to 250% of the amount for basic equity referred to in Items 1, 2, 3, 4 and 5 of Paragraph A of Article 184, assigned to cover market risks.**"**

REGULATORY COMPLIANCE: SBS Resolution Nº 472-2006, Art. 7 (Approving Prudential Standards on Transactions with Persons Related to Companies of the Financial System, and amending Special Legal Provisions on Relationship and Economic Group)

SBS Resolution Nº 4727-2009, Art. 20

Article 186. EFFECTIVE EQUITY USED TO COVER MARKET RISKS

Prior the favorable opinion of the Central Bank, the Superintendency shall determine the weight factors of market risks, charges to equity and other necessary aspects; establish the weighting mechanism and, if applicable, include the conditions relative to each type of market risk.

Positions of the negotiable portfolio shall determine charges or credits to the effective equity available to cover market risks, in accordance with the relevant risk weight factors and the procedures prepared by the Superintendency.

*All positions subject to market risks shall be monitored daily and the corresponding charges and credits to effective equity shall also be done daily.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 186. METHODS TO MEASURE RISKS USED FOR THE CALCULATION OF EFFECTIVE EQUITY REQUIREMENTS

The Superintendency shall determine the methodologies to measure credit, market and operational risks to be used by companies to calculate the effective equity requirements.

For calculation of the requirement of effective equity for credit risks, companies must use the standardized approach according to the provisions prescribed in Article 187, or internal models according to Article 188.

For calculation of the requirement of effective equity for market risks, companies must use the standardized approach according to the provisions prescribed in Article 192, or internal models according to Article 193.

For calculation of the requirement of effective equity for operational risks, companies must use the basic approach, the alternative standardized approach or advanced approach according to Article 194.

In the event of noncompliance with provisions stated by the Superintendency regarding the use of internal models for credit risks or market risks, as well as alternative standardized approaches or advanced approaches for operational risks, the Superintendency may require companies to calculate their effective equity requirement according to the approach they used prior to the corresponding authorization, as established by this control entity.

For companies starting the calculation of the effective equity requirement for operational risks through the alternative standardized approach, in the event of noncompliance with the provisions stated by the Superintendency regarding the use of such approach, they shall calculate this requirement according to the basic indicator approach.**"**

REGULATORY COMPLIANCE: SBS Resolution Nº 2115-2009 (Regulations for Effective Equity Requirement for Operational Risk, and Amendment of the Accounting Manual for Companies of the Financial System)

Article 187. PROFITS INCLUDED IN THE EFFECTIVE EQUITY

In order for cumulative profits and profits of the current period to be included in the effective equity, there must be a resolution approving their capitalization, which may be issued by the Board of Directors, upon delegation of the shareholders' meeting.

*Charges to results with respect to provisions shall be made at the time when the respective risk is determined and must be immediately deducted from the effective equity.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 187. EFFECTIVE EQUITY REQUIREMENT FOR CREDIT RISKS THROUGH THE STANDARDIZED APPROACH

Unless the Superintendency has authorized to calculate the effective equity requirement for credit risks according to Article 188, companies shall use the standardized approach for the calculation of this requirement and weigh the exposure amount by the factors assigned on the basis of the counterparty risk rating or, if applicable, determined according to assets portfolio, as regulated by the Superintendency.

The off-balance sheet items will be converted into equivalent credit risk exposures through the use of credit conversion factors in accordance with regulations established by the Superintendency.**"**

Article 188. CATEGORIES

In order to calculate the value of the assets of a company weighted by credit risk, their value must be multiplied by the following factors, in consideration to the following categories:

Category I: 0% risk assets;

Category II: 10% risk credit assets;

Category III: 20% risk credit assets;

Category IV: 50% risk credit assets; and,

Category V: 100% risk credit assets.

*Prior favorable opinion of the Central Bank, the Superintendency may, by general rules, change the category, by raising or lowering the asset by one category in the above table or set an intermediate level between two categories.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 188. EFFECTIVE EQUITY REQUIREMENT FOR CREDIT RISKS THROUGH INTERNAL MODELS

Prior authorization of the Superintendency, companies may use internal models to calculate the effective equity requirement for credit risks. For this purpose, the Superintendency shall establish requirements and other provisions to be complied with by the companies and the referred internal models.**"**

REGULATORY COMPLIANCE: CIRCULAR Nº B-2171-2008, Item 7

Article 189. 0% RISK ASSETS

The following comprises the 0% risk asset category:

1. Cash account available balances, cash and deposits with the Central Bank;

2. Credits granted and financial leasing transactions carried out with the Central Government and the Central Bank;

3. Credits granted to third parties and financial leasing transactions carried out therewith, guaranteed by instruments issued by the Central Government or the Central Bank, up to their amount, at market value to be revised once per month;

4. Credits guaranteed by cash deposited with the creditor company, up to the amount of such deposits. To this effect, the corresponding deposits must be freely available to the depositor and be explicitly encumbered by the guaranty;

5. Credits granted to third parties or financial leasing transactions carried out therewith, guaranteed by collateral of financial instruments issued by central governments or central banks of countries which are full members of the Cooperation and Economic Development Organization (CEDO), up to their amount, at market value to be revised once per month, as per publications specialized on the subject; and,

*6. Others which, given their nature, may be included in this category by the Superintendency.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 189. CLEARING OF CREDIT RISK PROVISIONS BY APPLYING INTERNAL MODELS

Companies using internal models to calculate the effective equity requirement for credit risk shall compare (i) the total amount of provisions for credit risk with (ii) the total expected losses calculated by using internal models.

When the total expected loss exceeds the total credit risk provisions, companies shall deduct the difference by using 50% of Tier 1 equity and 50% of the Tier 2 equity. If there is no Tier 2 equity, 100% of the difference will be deducted from Tier 1 equity.

When the total expected loss is less than all the credit risk provisions, companies may recognize the difference as Tier 2 equity up to 0.6% of credit risk-weighted assets and contingencies."

REGULATORY COMPLIANCE: CIRCULAR Nº B-2171-2008, Item 7

Article 190. 10% RISK CREDIT ASSETS

The following comprises the 10% risk credit asset category:

1. Credits granted to private entities or financial leasing transactions carried out therewith, guaranteed by collateral of financial instruments issued by central governments or central banks of countries mentioned in Article 189, Item 5, included in the list published by the Superintendency, up to their amount, at market value to be revised once per month, as per publications specialized on the subject; and,

2. Others which, given their nature, may be included in this category by the Superintendency. **(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 190. CRITERIA FOR CALCULATION OF CREDIT RISK-WEIGHTED ASSETS AND CONTINGENCIES

For the calculation of credit risk-weighted assets and contingencies, the following shall be applied:

1. Those assets that have been deducted from effective equity according to Article 184 are not included.

2. Provisions not included in the effective equity are deducted from the corresponding assets or asset category by the standardized approach. In the case of using internal models, the assets without deducting provisions are considered.

3. Amortizations of intangible assets and depreciations are subtracted from the respective accounts.

4. The valuation of foreign currency assets is carried at the exchange rate of the date used for submission to the Superintendentcy of the reports referred to in the Article 197.

REGULATORY COMPLIANCE: CIRCULAR Nº B-2171-2008, Item 7

Article 191. 20% RISK CREDIT ASSET

The following comprises the 20% risk credit asset category:

1. Swap accounts issued by local companies;

2. Funds deposited with companies of the financial system and credits granted thereto, including inter-bank loans, leasing transactions with such companies and credits granted to companies of the insurance system or financial leasing transactions conducted therewith, regardless of their expiry;

3. Credits granted to third parties, or leasing transactions carried out therewith, fully or partly guaranteed by companies of the financial system, top-rated foreign banks, or multilateral credit banks with respect to the portion of the financing covered by guaranty, or which may have guaranties pledged in the form of non-subordinate debt instruments issued by the latter, at market value to be revised once per month;

4. Credits granted to third parties, or leasing transactions carried out therewith having credit insurance policy coverage or bonds issued by duly authorized companies of the insurance system or in any case, by autonomous credit insurance coverage;

5. Deposits made with foreign top-rated banks, credits granted thereto and leasing transactions conducted therewith;

6. Credits granted to third parties, or leasing transactions conducted therewith having credit insurance policy cover, security policies or bonds issued by top-rated foreign insurance companies according to the list to be published by the Superintendency, or which may have non-subordinate debt instruments issued by such companies at market value to be revised once per month; and,

*7. Others which, given their nature, are classified under this category by the Superintendency.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 191. CREDIT RISK MITIGANTS

Calculations of provisions and effective equity requirement for credit risk referred to in Articles 133, 187 and 188 may be lower if the exposures have credit risk mitigants. The Superintendency will determine mitigants, which may be considered for purposes of reducing exposures, and regulate the requirements to be met by such mitigants as well as computer methodology of such reductions."

REGULATORY COMPLIANCE: CIRCULAR Nº B-2171-2008, Item 7

Article 192. 50% RISK CREDIT ASSETS

The following comprises the 50% risk credit asset category

1. Assets under leasing transactions in normal fulfillment contracts by the corresponding lessees;

2. Mortgage-secured loans granted to individual owners;

3. Deposits in other foreign banks subject to supervision at their head office by bodies similar to the Superintendency and credits granted thereto;

4. Credits granted to third parties or leasing transactions carried out therewith, fully or partly guaranteed by the banks referred to in the previous paragraph, in the portion of the financing covered by the guaranty or which may have pledged non-subordinate debt instruments issued by such banks at market value to be revised once per month.

5. Credits granted to third parties or leasing transactions carried out thereby having credit insurance policy coverage, security policies or bonds issued by other foreign insurance companies subject to supervision at their head offices by agencies similar to the Superintendency, or which may have pledged non-subordinate debt instruments issued by such companies at market value to be revised once per month; and,

*6. Others which, given their nature, are classified under this category by the Superintendency.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 192. EFFECTIVE EQUITY REQUIREMENT FOR MARKET RISK THROUGH STANDARDIZED APPROACH

Unless the Superintendency has authorized to calculate the effective equity requirement for market risks according to Article 193, companies shall use the standardized approach for the calculation of this requirement, in accordance with regulations established by the Superintendency."

REGULATORY COMPLIANCE: CIRCULAR Nº B-2171-2008, Item 7

Article 193. 100% RISK CREDIT ASSETS

The following comprises the 100% risk credit asset category:

1. Deposits in foreign banks not subject to supervision at their head office, and credits granted thereto;

2. Credits appearing on the balance sheet, of any type, except those referred to in Articles 189 to 192;

3. Credits granted to directors of the same company;

4. Payments made by third parties;

5. Fees from bank acceptances issued by foreign banks not subject to supervision;

6. Deferred charges;

7. Fixed assets;

8. Intangible assets;

9. Assets received or foreclosed as payment of obligations, which must be necessarily received according to their realization value subject to valuation standards issued by the Superintendency;

*10. Others which, given their nature, are classified under this category by the Superintendency.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 193. EEFECTIVE EQUITY REQUIREMENT FOR MARKET RISK THROUGH INTERNAL MODELS

Prior authorization of the Superintendency, companies may use internal models to calculate the effective equity requirement for market risks. For this purpose, the Superintendency shall establish requirements and other provisions to be complied with by the companies and the referred internal models."

REGULATORY COMPLIANCE: CIRCULAR Nº B-2171-2008, Item 7

Article 194. WEIGHTING OF REPO TRANSACTION RISKS

For the purposes of credit weighting in repo transactions in which the company of the financial system is the buyer of the asset subject to resale, the transactions shall be treated as a guaranteed credit.

When the asset acquired is one of the instruments or securities receiving a lower credit risk weighting factor, such asset shall be recognized as a guaranty, and the risk weighting shall be reduced. Otherwise, credit risk shall be determined according to the identity of the reportee.

*The same rule shall apply where the company of the financial system buys over the counter securities from a debtor with a repurchase guaranty by the latter or guaranty by other securities.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 194. EFFECTIVE EQUITY REQUIREMENT FOR OPERATIONAL RISK

The companies shall use the following approaches to determine the effective equity requirement for operational risk:

1. Basic Indicator Approach: The requirement is calculated by using an exposure indicator based on the gross revenues of the company and a weighting factor.

2. Alternative Standardized Approach: The requirement is calculated by using an exposure indicator based on the gross revenues of standard business lines defined by the Superintendency, as well as the balance of placements. Weighting factors are used for each business line.

3. Advanced Approach: The requirement is calculated on the basis of internal measurement models for operational risk defined by companies.

Companies may start the calculation of the effective equity requirement for operational risk through the basic indicator approach or the alternative standardized approach. However, the use of the alternative standardized approach as well as the advanced approach shall be previously authorized by the Superintendency, pursuant to the rules established by this supervisory body.

The use of the advanced approach shall also be previously authorized by the Superintendency, pursuant to the rules established by this supervisory body.

REGULATORY COMPLIANCE: SBS Resolution Nº 2115-2009 (Regulations for Effective Equity Requirement for Operational Risk and Amendment of the Accounting Manual for the Companies of the Financial System)

Article 195. WEIGHTING FACTORS FOR OFF-BALANCE SHEET ITEMS

The weighting factors for off-balance sheet items shall be as follows:

1. Category 1: 0%.

a) Bonds, letters of guaranty and letters of credit issued by the State or companies or institutions having the guaranty;

b) Contingent services and credit lines which commitments may be unilaterally terminated or cancelled by the company at any time;

c) Trusts not comprising the issuing of financial instruments on the part of the trustee; and,

d) Others which, given their nature, are classified under this category by the Superintendency.

2. Category 2: 20%

a) Bonds, letters of guaranty and letters of credit having counter guaranties issued by foreign top-rated banks; and

b) Others which, given their nature, are classified under this category by the Superintendency.

3. Category 3: 50%

a) Bonds, letters of guaranty and letters of credit having counter guaranties issued by foreign top-rated banks subject to supervision at head office, issued by institutions of similar nature of the Superintendency;

b) Contingent guaranties related to non-financial transactions in connection with performance and nonperformance commitments by the bonded party including bonds for public bids and compliance policies;

c) Fiduciary services and/or structured financing generating contingent liability for the issuer of the instrument;

d) Other contingent obligations, including contingent services and credit lines with maturities in excess of one (1) year; and

e) Others which, given their nature, are classified under this category by the Superintendency.

4. Category 4: 100%):

a) Other guarantees, letters of guaranty and letters of credit even if they have a counter-guarantee issued by foreign banks not subject to supervision at their head offices;

b) Revolving guarantee funds;

c) Contracts for the sale of assets without guaranty of repurchase by the company;

d) Off-stock exchange futures purchase contracts;

e) Futures deposit contracts; and,

f) Others which, given their nature, are classified under this category by the Superintendency.

*The provisions in the final paragraph of Article 188 shall govern for these categories.***(*)**

(*) Article repealed by Article 3 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009.

Article 196. **WEIGHTING OF ASSETS FOR CREDIT RISK .**

The following rules shall be observed with respect to weighting of assets for credit risk:

1. Subtraction of the amount of permanent investment in shares and subordinate debt instruments, issued by other companies of the financial system or of the insurance system, within the country or abroad;

2. Subtraction of the amount of all investment in shares, bonds and similar instruments in companies with which financial statements must be consolidated, including the holding companies and subsidiaries referred to in Articles 34 and 224;

3. Subtraction of any provision from the account and from the corresponding category;

4. Suspended accounts receivable shall not be considered in the calculation;

5. Amortization of intangible assets and depreciation shall be subtracted from the respective accounts;

*6. The valuation of assets in foreign currency shall be made at the exchange rate used on the date of submission to the Superintendency of the report referred to in the following article.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 196. RISK RATING FOR EFFECTIVE EQUITY REQUIREMENTS

The Superintendency shall establish the way the risk ratings may be used to calculate the effective equity requirements.**"**

Article 197. FREQUENCY OF REPORTS

The Superintendency shall establish the frequency of the reports to be submitted by companies, to be prepared in accordance with the chart of accounts approved by this entity, showing the following:

1. Effective Equity;

2. Credit assets and contingent credits, their value and the factor to be applied thereto by groups or categories;

3. Positions subject to market risks on the balance sheet and otherwise and charges made against the effective equity by the corresponding market risks; and,

*4. Individual and consolidated financial statements of financial and/or mixed conglomerates and/or economic groups with their respective appendices, reports and supplementary information.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 197. REPORTS ON EFFECTIVE EQUITY REQUIREMENTS

The Superintendency shall establish the frequency, format and other conditions of the reports to be submitted by companies, to be prepared in accordance with the chart of accounts approved by

this entity. Such reports shall show: Equity requirement, positions subject to several risks, financial statements and other matters considered by the Superintendency."

CHAPTER II

PORTFOLIO CONCENTRATION AND OPERATIONAL LIMITS

Article 198. CALCULATION OF OPERATIONAL LIMITS

Limits for company operations are determined based on its effective equity.

Article 199. OVERALL LIMIT

The amount of the credit risk-weighted contingent assets and credits of a company, in local or foreign currency, including its foreign branches, may not exceed eleven (11) times its effective equity to cover credit risks.

*The amount of risk-weighted positions subject to the market risk of a company, in domestic or foreign currency, may not exceed eleven (11) times its effective equity to cover market risks.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 199. OVERALL LIMIT

The effective equity of a company must be equal or superior to 10% of the amount of total risk-weighted assets and contingencies corresponding to: ten (10) times its effective equity requirement for market risk, ten (10) times its effective equity requirement for operational risk and its credit risk-weighted assets and contingencies. This calculation must comprise any exposure or asset in local or foreign currency, including its branches offices abroad.

REGULATORY COMPLIANCE: SBS Resolution Nº 4727-2009, Articles 14, Item 3, 15, Item 2 and 17

Any company shall assess the capacity of its effective equity according to its risk profile.

The Board of Directors is responsable for ensuring that a company has an effective equity superior to the aforesaid overall limit to prevent it from possible negative fluctuations of the economic cycle and according to its risk profile.**"**

REGULATORY COMPLIANCE: LAW Nº 28364, Art. 2, Item 2.4

CIRCULAR Nº B-2171-2008, Item 7

SBS Resolution Nº 2115-2009, Art. 3

SBS Resolution Nº 9816-2009, Art. 2

SBS Resolution Nº 8425-2011 (Approving Regulations for Additional Effective Equity Requirement)

Article 200. OVERALL LIMITS PER OPERATIONS

For operations carried out under Article 221, the companies referred to in Paragraph A of Article 16 shall be subject to the following overall limits in accordance with the effective equity:

1. For purchases of invoices referred to in Item 10: 15%.(*)

(*) Item repealed by the Fourth Final Supplementary Provision of Law 29623, published on December 7, 2010, in force 180 days after its publication.

2. For gold holdings referred to in Item 40: 15%.

*3. For transactions referred to in Item 42: 10%.***(*)**

(*) Item replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

" 3. For transactions with derivative financial products referred to in Item 16: 10%. The procedure for calculating this limit shall be determined by the Superintendency."

*4. For holdings of shares and bonds listed in the exchange and issued by limited liability companies domiciled in the country referred to in Item 17, as well as for certificates of participation in mutual funds and investment funds referred to in Item 19: 20%, with a sub-limit of 15% for each item.***(*)**

(*) Item replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"4. For holdings of shares referred to in Item 17; as well as for certificates of participation in mutual funds and investment funds referred to in Item 19: 40%."

*5. For holdings of bonds and other instruments issued by multilateral credit agencies of which the country is a member, contemplated in Item 21: 20%.***(*)**

(*) Item repealed by Article 4 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

6. For investments in real and personal property referred to in Item 28, with the exception of those granted under financial leasing and those subject of foreclosure governed by the provisions of Article 215: 75%.

REGULATORY COMPLIANCE: SBS Resolution Nº 1535-2005, Art. 8

*7. For contingent loans and financial leasing transactions for terms of more than one (1) year, excluding installments, amortization or coverage for shorter terms: four (4) times the effective equity.***(*)**

(*) Item repealed by Article 4 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

REGULATORY COMPLIANCE: Circular Nº B-2162-2006, F- 0502-2006, CM-0349-2006, CR-0218-2006, EDPYME-0125-2006, Item 2

8. Other overall limits determined by the Superintendency on grounds of good judgment after receiving the prior opinion of the Central Bank.

*The limit indicated in Item 7 may be surpassed, provided the excess amount is the result of resources deriving from deposits or bonds taken for terms exceeding eighteen months (18) months, taking into consideration only bond coupons exceeding such term.**(*)***

(*) Paragraph repealed by Article 4 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

Article 201. LOANS GRANTED TO COMPANY DIRECTORS AND EMPLOYEES

*All loans granted by companies of the financial system to their directors and employees and their spouses and relatives, shall not exceed 7% of their paid-in capital and reserves. No director or employee may receive more than 5% of the indicated overall limit, taking into consideration for such purposes, their spouses and relatives.***(*)**

(*) Paragraph replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 201. LOANS GRANTED TO COMPANY DIRECTORS AND EMPLOYEES

All loans granted by companies of the financial system to their directors and employees and their spouses and relatives, shall not exceed 7% of their effective equity. No director or employee may receive more than 5% of the indicated overall limit, taking into consideration for such purposes, their spouses and relatives."

None of the loans to which reference is made in this article may be granted in conditions more favorable than those afforded to the clients of the company, except for mortgages loans for personal housing granted to employees.**(*)**

(*) In accordance with Sole Article of SBS Resolution Nº 781-98, published on 08-17-98, loan comprises financing of any type granted by companies of the financial system to directors and employees, as well as to their spouses and relatives.

REGULATORY COMPLIANCE: CIRCULAR Nº B-2148-2005, Item 3 (Applying Limits to Directors and Employees)

Article 202. FINANCING FOR RELATED PERSONS

Notwithstanding the limitations resulting from Articles 206 to 211, the total of all loans, investments and contingencies granted by a company of the financial system to individuals or legal entities directly or indirectly related to its ownership, on a proportion greater than 4%, or who may have a significant

influence of its operations, may not exceed any amount equivalent to 75% of the company's effective equity.

The conditions of such loans may not be more favorable than those granted by the company to its clients, with respect to terms, interest rates and guaranties.

*The Superintendency shall determine the criteria governing relationships through general regulations, in accordance with the provisions of the following article.**(*)***

(*) Article replaced by Article 5 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 202. FINANCING FOR RELATED PERSONS

Notwithstanding the limitations resulting from Articles 206 to 211, the total of all loans, financial leasing transactions, investments and contingencies granted by a company of the financial system to individuals or legal entities directly or indirectly related to its ownership, on a proportion greater than 4%, or who may have a significant influence of its operations, may not exceed any amount equivalent to 30% of the company's effective equity.

The conditions of such loans may not be more favorable than those granted by the company to its clients, with respect to terms, interest rates and guaranties.

The Superintendency shall determine the criteria governing relationships through general regulations, in accordance with the provisions of the following article."**(*)**

(*) In accordance with Article 10 of the Temporary Provision of Law Nº 27102, published on May 6, 1999, the period of adaptation to the limit set forth in this Article shall expire on December 31, 2003. Therefore, at December 31, 2001, it shall not exceed a sum equal to 75% (seventy five percent) of the effective equity of the company, and at December 31, 2002, it shall not to exceed an amount equal to 50% (fifty percent) of the effective equity. However, the concentration level existing on the date of operation of the said Law may not increase.

REGULATORY COMPLIANCE: CIRCULAR Nº B-2148-2005, Item 13 (Multinational Banks)

CIRCULAR Nº B-2148-2005, Item 6 (Applying Financing Limits to Related Persons)

SBS Resolution Nº 472-2006, Articles 6 and 7 (Approving Prudential Standards on Transactions with Persons Related to Companies of the Financial System, and amending Special Legal Provisions on Relationship and Economic Group)

CIRCULAR Nº B-2171-2008, Item 6 (Calculation of Portfolio Concentration Limits and Operational Limits)

SBS Resolution Nº 6007-2011, Art. 9 (Approving Regulations for Covered Mortgage Bonds)

Article 203. CRITERIA FOR ESTABLISHING INDIVIDUAL LIMITS

In order to determine individual limits, the following shall be taken into account:

1. Prevent risk concentration produced when various individuals or legal entities 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.

Sole or common risk shall be defined as two or more individuals or legal entities are mutually associated in such manner that:

a) One of them exercises 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 that 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 credits granted will benefit all 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 abroad, among whose partners or shareholders there are other companies or whose shares are bearer shares, will lead to the presumption that it is related for the purposes referred to in the previous article.

Sole risk shall not be discounted when the indebtedness of such individual or legal entities to one company of the financial system or its subsidiaries is separate.

For the purposes hereof, definitions regarding 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. (*)

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 203. CRITERIA FOR ESTABLISHING INDIVIDUAL LIMITS

In order to determine individual limits, the following shall be taken into account:

1. Prevent risk concentration produced when various individuals or legal entities 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.

Sole or common risk shall be defined as two or more individuals or legal entities are mutually associated in such manner that:

a. One of them exercises 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 that 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 credits granted will benefit all 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 abroad, among whose partners or shareholders there are other companies or whose shares are bearer shares, will lead to the presumption that it is related for the purposes referred to in the previous article.

Sole risk shall not be discounted when the indebtedness of such individual or legal entities to one company of the financial system or its subsidiaries is separate.

For the purposes hereof, definitions regarding 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.

Aditionally, the Superintendency shall establish criteria for determining the sole risk to entities, bodies, branch offices and companies which, directly or indirectly, are considered to be, or make part of, the Peruvian Government.**"**

REGULATORY COMPLIANCE: SBS Resolution Nº 472-2006 (Approving Prudential Standards on Transactions with Persons Related to Companies of the Financial System, and amending Special Legal Provisions on Relationship and Economic Group)

SBS Resolution Nº 11699-2008, Internal Auditing Regulations, Appendix, Item I

Article 204. FINANCING GRANTED TO ANOTHER COMPANY DOMICILED IN THE COUNTRY

Credits granted by a company of the financial system to a different company domiciled in the country and any deposits made therein, added to the warranty bonds, collateral, and other guaranties received from such company, may not exceed 30% of its effective equity.

Companies of the financial system may not receive in guaranty warrants issued by a single general warehouse in excess of 60% of their effective equity. General warehouses in which a company is the majority shareholder are excluded from the provisions of this article.

The individual limits of coverage granted by an independent credit insurance equity to a company of the financial system and the overall limits of such coverage shall be established by the Superintendency.

REGULATORY COMPLIANCE: CIRCULAR Nº B-2148-2005, Item 4 (Applying Individual Limits according to Sole Risk Criteria)

SBS Resolution Nº 472-2006, Art. 8 (Approving Prudential Standards on Transactions with Persons Related to Companies of the Financial System, and amending Special Legal Provisions on Relationship and Economic Group)

CIRCULAR Nº B-2171-2008, Item 6 (Calculation of Portfolio Concentration Limits and Operational Limits)

Article 205. FINANCING OF FOREIGN COMPANIES

Credits granted by a company of the financial system to a foreign banking or financial institution and the deposits made therein, added to the warranty bonds, collateral, and other guaranties received from such institution, may not exceed the following limits with reference to the effective equity of the company:

1. 5% for institutions not subject to supervision by an agency similar to the Superintendency.

2. 10% for institutions subject to supervision by an agency similar to the Superintendency, and not included in Item 3.

3. 30% for top-rated banks.

4. 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.

REGULATORY COMPLIANCE: CIRCULAR Nº B-2148-2005, Item 4 (Applying Individual Limits according to Sole Risk Criteria)

CIRCULAR Nº B-2148-2005, Item 5 (Applying Financing Limits to Foreign Companies)

SBS Resolution Nº 472-2006, Art. 8 (Approving Prudential Standards on Transactions with Persons Related to Companies of the Financial System, and amending Special Legal Provisions on Relationship and Economic Group)

CIRCULAR Nº B-2171-2008, Item 6 (Calculation of Portfolio Concentration Limits and Operational Limits)

Article 206. FINANCING GRANTED TO THE SAME PERSON - 10% LIMIT

Companies of the financial system may not grant to or for the account of a single individual or legal entity, whether directly or indirectly, credit, investment or contingency funds exceeding the equivalent of 10% of their effective equity.

The limit set forth in the previous paragraph includes all types of financing and investment with exception of bonds guaranteeing the signing of contracts in public bids, which shall be subject to a limit of 30%).

REGULATORY COMPLIANCE: CIRCULAR Nº B-2148-2005, Item 4 (Applying Individual Limits according to Sole Risk Criteria)

SBS Resolution Nº 472-2006, Art. 8 (Approving Prudential Standards on Transactions with Persons Related to Companies of the Financial System, and amending Special Legal Provisions on Relationship and Economic Group)

CIRCULAR Nº B-2171-2008, Item 6 (Calculation of Portfolio Concentration Limits and Operational Limits)

Article 207. 15% LIMIT

Under exceptional circumstances, companies of the financial system may exceed the limit to which reference is made in the preceding article, up to the equivalent of 15% of their effective equity, provided that in the respective transaction or operations an amount 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. Guaranty trust constituted on the property referred to in this article.

The guaranties referred to in Item 4 may constitute a separate document, provided that they refer to imported goods and the original documents relating thereto are in the possession of the company.

REGULATORY COMPLIANCE: CIRCULAR Nº B-2148-2005, Item 11 (Syndicated Loans)

CIRCULAR Nº B-2148-2005, Item 4 (Applying Individual Limits according to Sole Risk Criteria)

SBS Resolution Nº 472-2006, Art. 8 (Approving Prudential Standards on Transactions with Persons Related to Companies of the Financial System, and amending Special Legal Provisions on Relationship and Economic Group)

CIRCULAR Nº B-2171-2008, Item 6 (Calculation of Portfolio Concentration Limits and Operational Limits)

Article 208. 20% LIMIT

On exception, these companies may exceed the limits to which reference is made in the previous articles, up to the equivalent of 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 to by 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. Guaranty trust constituted on the property referred to in this article.

REGULATORY COMPLIANCE: CIRCULAR Nº B-2148-2005, Item 11 (Syndicated Loans)

CIRCULAR Nº B-2148-2005, Item 4 (Applying Individual Limits according to Sole Risk Criteria)

SBS Resolution Nº 472-2006, Art. 8 (Approving Prudential Standards on Transactions with Persons Related to Companies of the Financial System, and amending Special Legal Provisions on Relationship and Economic Group)

CIRCULAR Nº B-2171-2008, Item 6 (Calculation of Portfolio Concentration Limits and Operational Limits)

Article 209. 30% LIMIT

Likewise, exceptionally, companies may exceed the limits to which reference is made in the previous articles, up to the equivalent of 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 realization value:

1. Pledge with physical delivery on the cash deposits referred to 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. Repo transactions with transfers in favor of the company, of the instruments referred to Point 2 of this article.**(*)***

(*) Item amended by Article 8 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

*"3. Repo transactions with transfers in favor of the company, of the instruments referred to Item 2 of this article."**(*)***

(*) Article amended by Article 1 of Law Nº 28184, published on March 2, 2004, the text of which reads as follows:

"Article 209. 30% LIMIT

Likewise, exceptionally, companies may exceed the limits to which reference is made in the previous articles, up to the equivalent of 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 realization value:

1. Pledge with physical delivery on the cash deposits referred to 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. Repo transactions with transfers in favor of the company, of the instruments referred to Item 2 of this article.**"**

REGULATORY COMPLIANCE: CIRCULAR Nº B-2148-2005, Item 11 (Syndicated Loans) and 15 (Repealing Article 210 of the General Act)

CIRCULAR Nº B-2148-2005, Item 4 (Applying Individual Limits according to Sole Risk Criteria)

SBS Resolution Nº 472-2006, Art. 8 (Approving Prudential Standards on Transactions with Persons Related to Companies of the Financial System, and amending Special Legal Provisions on Relationship and Economic Group)

CIRCULAR Nº B-2171-2008, Item 6 (Calculation of Portfolio Concentration Limits and Operational Limits)

Article 210. FINANCIAL LEASE LIMIT

*Companies of the financial system granting financial leases, directly or indirectly, to a same individual or legal entity, may not exceed the amount equivalent to 70% of its effective equity.***(*)**

(*) Article repealed by Article 4 of Law Nº 28184, published on March 2, 2004.

Article 211. FINANCING TO NON-DOMICILED PERSONS

Credits, contingency funds, investments and financial leasing granted by a company to a non-domiciled individual or legal entity, except for the banks and finance companies referred to in Article 205, may not exceed a sum equal to 5% of the effective equity thereof.

The aforesaid limit may be raised up to 10% of the effective 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 a stock exchange and an opinion concerning their quality and prestige has been issued by a specialized and well-reputed entity in the corresponding country.

By exception, the said 5% and 10% limits may be raised, as appropriate, up to 30% of the effective equity of the company, provided that any of the following guaranties covers at least an amount equivalent to the excess:

1. Cash deposits in the same company, particularly affected; and

2. Warranty bonds, collateral 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.

REGULATORY COMPLIANCE: CIRCULAR Nº B-2148-2005, Item 11 (Syndicated Loans)

CIRCULAR Nº B-2148-2005, Item 4 (Applying Individual Limits according to Sole Risk Criteria)

SBS Resolution Nº 472-2006, Art. 8 (Approving Prudential Standards on Transactions with Persons Related to Companies of the Financial System, and amending Special Legal Provisions on Relationship and Economic Group)

CIRCULAR Nº B-2171-2008, Item 6 (Calculation of Portfolio Concentration Limits and Operational Limits)

Article 212. SUBSTITUTION OF CREDIT COUNTERPARTY

When a credit is granted under the subsidiary liability of a company of the Peruvian or foreign financial systems or insurance systems, instrumented through solidary bonds or guaranties, or with credit insurance coverage provided by an autonomous credit insurance equity, the counterparty risk corresponds to the guarantor, warrantor or respective autonomous equity, and the individual limit shall be calculated according to the guarantor company or warrantor or autonomous equity, applying the provisions of Articles 204 or 205, Items 2 or 3, as the case may be.

*In such cases, the individual limit corresponding to the guaranteed or bonded person shall be considered in direct relation to the guaranteeing or bonding company.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 212. SUBSTITUTION OF CREDIT COUNTERPARTY

When a financing has subsidiary liability of central governments, central banks, multilateral lending agencies, companies of the financial system and insurance companies from the country and abroad, as well as other entities determined by the Superintendency, in the form of a joint surety, collateral security, surety bond, letter of credit, stand-by letter of credit or other similar guaranties, or has credit insurance coverage provided by an autonomous credit insurance equity, the counterparty risk corresponds to the guarantor, and the individual limit shall be calculated according to such guarantor.**"**

REGULATORY COMPLIANCE: CIRCULAR Nº B-2148-2005, Item 7 (Applying Substitution of Credit Counterparty)

Article 213. GUARANTY REGULATIONS

For the purposes of applying the provisions of Articles 207 to 209, the highest-ranked guaranties may replace those of a lower rank by the corresponding percentages.

Article 214. CREDIT RISK AND MARKET RISK LIMITS

Risk measuring systems for credit portfolios and market risks have a cumulative effect on the effective equity of companies.

*The effective equity of companies of the financial system allocated to market risks may not be more than 20% of total effective equity. This limit may be changed by the Superintendency after receiving the favorable opinion of the Central Bank.***(*)**

(*) Article repealed by Article 3 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009.

Article 215. TEMPORARY LIMIT - TREATMENT GIVEN TO PROPERTY RECEIVED AS DEBT PAYMENT

When as the consequence of the payment of a debt previously contracted in good faith, full or part payment is received or awarded in movable or immovable property, this must be disposed of within a period of one (1) year, which may be extended by the Superintendency for one time only and for a maximum term of six (6) months.

Upon expiry of the said period, without the sale or leasing of the property involved having taken place, the company must make a provision for an amount equal to the book value of the unsold property.

REGULATORY COMPLIANCE: LAW Nº 28341, Art. 9 Third Paragraph (Agricultural Financial Rescue)

SBS Resolution Nº 1535-2005, First Final and Temporary Provision

Article 216. LIST OF TOP-RATED BANKS

For the purpose of applying the limits referred to in this Title, and all other pertinent provisions hereof, 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.

REGULATORY COMPLIANCE: CIRCULAR Nº 010-2005-BCRP

CIRCULAR Nº 047-2008-BCRP (Updating 2008 List of Top-Rated Banks)

R. Nº 018-2009-BCRP, Paragraph ñ), Item 20.1, Art. 20

CHAPTER III

PROHIBITIONS

Article 217. PROHIBITED TRANSACTIONS AND ACTIVITIES

Notwithstanding any others contained herein, companies of the financial system shall be subject to the following prohibitions:

1. Grant credits using their own shares as a guaranty;

2. Grant credits to be directly or indirectly used for the purchase of the company's own shares;

3. Grant credits to finance political activities;

4. Grant guaranties or support in any other manner third-party liabilities, in undetermined amounts or terms;

5. Guarantee loans contracted with third parties, unless any of the said third parties is another company of the financial system, or a foreign bank or finance company;

6. Give in guaranty their fixed assets, unless encumbered, to support financial lease transactions and mortgage bonds issued by real estate capitalization companies;

7. Accept any surety, guaranty collateral pledge furnished by their directors and personnel, in support of loans granted to persons having business limits with said directors or personnel;

8. 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 on the stock exchange;

9. Negotiate the deposit certificates referred to in Item 9 of Article 221 hereof with their subsidiaries, and assume commitments giving rise to the obligation to repurchase said certificates;

10. Secure deposits on behalf of financial institutions not authorized to operate within the country;

11. Use information not disclosed 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, with the provisions of the Securities Market Act being applicable.

CHAPTER IV

SANCTIONS

Article 218. SANCTION FOR EXCEEDING 11-TIME OPERATIONAL LIMIT

A. CREDIT RISK

Companies of the financial system which contingent assets and credits weighted by risk exceed the limit of eleven (11) times their effective equity, must deposit any increase in liabilities subject to a legal reserve, as recorded in the monthly reports referred to in Article 165 hereof, into accounts with the Central Bank, in the respective currencies, from the time that the average excess is shown in said reports. This obligation shall be valid even though the bank is not subject to the surveillance system.

Deposits prescribed in this article shall be kept until the excess no longer appears in the reports. As long as the company is not subject to the surveillance system, its interest shall be lower by 50% than that fixed for legal reserve deposits in the respective currencies by the Central Bank.

B. MARKET RISK

In the event that market risk transactions carried out by the company of the financial system exceed the level of effective equity assigned to cover such risk, the procedure shall be as follows:

1. Under liability, the General Manager shall on the day of such excess:

- Suspend any transactions generating complementary market risks for the company;

- Order the immediate and/or gradual reduction of positions causing market risks in order to reduce the portion of effective equity used to cover such risks;

- Convene a Board of Directors' meeting to be held within the following three (3) days; and

- Report to the Superintendency due compliance with the foregoing subsections within the immediate following business day.

2. The Superintendency shall immediately order a permanent inspection of the company;

3. When the Board of Directors meets, the following shall be resolved either alternatively or complementarily:

- The immediate increase of the limit of effective equity to cover market risk if there is an available supplementary balance which can be allocated but has not been applied to cover credit risks; and/or

- Convening a special general shareholders' meeting for an increase in capital stock or the issue of eligible subordinate debt. The special general shareholders meeting must be held as soon as possible.

*4. A copy of the minutes of the Board of Directors' meeting referred to in the previous Item shall be transcribed to the Superintendency on the business day immediately following such meeting. A copy of the minutes of the special shareholders general meeting shall also be transcribed on the first business day after the holding thereof.**(*)***

(*) Item amended by Article 8 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"4. A copy of the minutes of the Board of Directors' meeting referred to in the previous Item shall be transcribed to the Superintendency on the business day immediately following such meeting. A copy of the minutes of the special shareholders general meeting shall also be transcribed on the first business day after the holding thereof."

*The Superintendency shall end the permanent inspection immediately upon the reallocation of available effective equity to cover market risks or, in any case, when the value of subscribed additional shares has been paid into the capital or the value of subordinate debt has been disbursed by its subscribers. The ending of the visit shall allow the company to reinitiate the assumption of new market risks.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 218. SANCTIONS FOR NON-COMPLIANCE WITH ARTICLE 199

1. Any company failing to comply with the limit established in the first paragraph of Article 199 shall deposit any increase in its obligations subject to a legal reserve, as recorded in the reports referred to in Article 165, into accounts with the Central Bank, in the respective currencies. Such deposits must be held in accounts with the Central Bank until they comply with such limit.

2. Any company failing to comply with Article 199 shall submit a rehabilitation plan approved by the Board of Directors within a period of no more than fifteen (15) calendar days from the date of the noncompliance. Such plan shall include, at least, identification of the causes for the noncompliance and the measures to be taken to increase the effective equity, or other actions, specifying the terms for implementation. Additionally, the Superintendency will be able to restrict operations or suspend authorization granted to the company to make certain operations.**"**

Article 219. 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 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.

As from the second month and for as long as the infraction prevails, the fine shall be gradually increased by 50%, month after month.

Article 220. SANCTION FOR PROHIBITED ACTIVITY

*Infractions of any of the prohibitions stipulated in Article 217 shall be sanctioned by a fine equivalent to 100% of the total amount of transactions. The same fine shall apply whenever the period established in Articles (*) 201 is exceeded,calculated on the basis of the excess. These sanctions shall be applied without prejudice to any other sanctions which may be prescribed by the Superintendency.**(*)***

(*) Article amended by Article 8 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 220. SANCTION FOR PROHIBITED ACTIVITY

Infractions of any of the prohibitions stipulated in Article 217 shall be sanctioned by a fine equivalent to 100% of the total amount of transactions. 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 without prejudice to any other sanctions which may be prescribed by the Superintendency."

TITLE III

OPERATIONS AND SERVICES

CHAPTER I

COMMON STANDARDS

Article 221. OPERATIONS AND SERVICES

Companies may carry out the following operations and services pursuant to the provisions of Chapter I, Title IV of this second section:

1. Receive sight deposits;

2. Receive fixed-term and savings deposits as well as those in custody;

3. a) Grant overdrafts or advances in current accounts;

b) Grant direct credits, with or without collateral;

4. Discount and grant advances over bills of exchange, promissory notes and other debt instruments;

5. Grant mortgage and secured loans; and in relation to them, issue credit instruments, mortgage and pawned securities, both in domestic and foreign currency;

6. Grant securities, guaranties and other collateral, even in favor of other companies of the financial system;

7. Issue, notify, confirm and negotiate letters of credit, whether on sight or term, in agreement with the international practices and, in general, channel foreign trade operations;

8. Act jointly with other companies to grant credits and guaranties, under the responsibilities considered in the respective agreement;

REGULATORY COMPLIANCE: CIRCULAR Nº B-2148-2005, Item 11 (Syndicated Loans)

9. Acquire and negotiate certificates of deposit issued by companies to grant credits and guaranties under the responsibilities considered in the respective agreement;

10. Carry out factoring operations;

11. Carry out credit operations with domestic companies, as well as make deposits therein;

12. Carry out credit transactions with foreign banks and financial institutions, as well as make deposits in either of them;

13. Purchase, maintain and sell shares of banks or other institutions abroad 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. Issue and place bonds in domestic or foreign currency, including regular, convertible, financial 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;

REGULATORY COMPLIANCE: R.G. Nº 052-2006-EF-94.45

15. Accept term bills, originated from business transactions;

*16. Take or provide coverage for commodities, futures and related financial products;***(*)**

(*) Item replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

" 16. Carry out transactions with commodities and derivative financial products, such as forwards, futures, swaps, options, credit derivatives or other derivative instruments or contracts in accordance with the regulations established by the Superintendency.**"**

17. 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 pertinent law on the matter;**(*)**

(*) Item replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

" 17. Acquire, keep and sell securities representing capital, subject matter of any centralized mechanism of negotiation, and instruments representing private debt, in accordance with the regulations established by the Superintendency.**"**

18. Acquire, keep and sell shares of companies which object is to provide supplementary or auxiliary services to companies and/or their subsidiaries;

19. Acquire, keep and sell, as participants, certificates of participation in mutual trust and investment funds;

20. Buy, keep and sell public debt instruments, both domestic and foreign, as well as bonds from the Central Bank;

21. Buy, keep and sell bonds and other securities issued by multilateral credit agencies of which the country is a member;

22. Buy, keep and sell debt instruments issued by the governments of the countries approved by the Superintendency;**(*)**

(*) Item replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

" 22. Buy, keep and sell debt instruments issued by the governments, in accordance with the regulations established by the Superintendency.**"**

23. Operate in foreign currency;

24. Issue bank certificates in foreign currency and make foreign exchange operations;

25. Serve as a financial agent to place and invest foreign funds in Peru;

26. Execute portfolio purchase and sale contract;

27. Carry out structured financing operations and purchase and sell securities, pursuant to the Securities Market Act;

28. Acquire properties, furniture and equipment;

29. Make collections, payments and fund transfers and issue drafts against their own offices or correspondent banks;

30. a) Issue cashier's checks;

b) Issue payment orders;

REGULATORY COMPLIANCE: ***SBS Resolution Nº 11698-2008, Art. 6***

31. Issue traveler's checks;

32. Accept and comply with the powers of attorney as detailed in Article 275;

33. Receive securities, documents and objects in custody, as well as lease out safe deposit boxes;

34. Issue and manage credit and debit cards;

REGULATORY COMPLIANCE: ***SBS Resolution. Nº 264-2008***

SBS Resolution Nº 11698-2008, Art. 6

35. Execute financial leasing operations;

36. Promote foreign trade operations as well as render integral advisory on the matter;

37. Sign temporary first security issues with partial or total guarantees;

38. Provide financial advisory services without this implying the management of money of clients or their investment portfolios;

39. Act as trustees where trusts are involved;

40. Buy, keep and sell gold;

41. Grant collateral loans for jewels or other gold and silver objects;

42. Carry out, on their own account, operations involving commodities and related financial products;**(*)**

(*) Item repealed by Article 4 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

"42. Issue e-money."**(*)**

(*) Item added by the Third Amendatory Provision of Law Nº 29985, published on January 17, 2013.

43. 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 incorporate a business with special purposes**;**

44. Any other operations and services, provided they meet the requirements set forth by the Superintendency by means of the general regulations, 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.

REGULATORY COMPLIANCE: SBS Resolution Nº 1122-2006 (Regulations for Extension of Operations)

SBS Resolution Nº 11698-2008, Art. 3

SBS Resolution Nº 11698-2008, Art. 4

Law Nº 30152 (Act on Heirs Informed About Passive Financial Services)

(*) In accordance with Article 12 of SBS Resolution Nº 1122-2006, published on August 31, 2006, it is stated that the authorization of operations and/or services referred to herein, which are not included in modules of Article 290 - "Modular Operation Scheme" - of this Law shall be made in accordance with the provisions set forth in Appendix I of the aforesaid Regulations.

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, income and capacity to serve 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 criterion is the payment capacity of the debtor. Guaranties are of subsidiary nature.

REGULATORY COMPLIANCE: ***SBS Resolution Nº 572-97***

SBS Resolution Nº 808-2003

LAW Nº 28590, Art. 2 (Agricultural Bank Transactions and Services)

SBS Resolution. Nº 1237-2006 (Approving Regulations for Risk Management on Indebtness of Retail Debtors)

SBS Resolution Nº 6941-2008 (Approving Regulations for Risk Management on Indebtness of Retail Debtors and Amending Accounting Manual for Companies of the Financial System)

Article 223. OPERATIONS EXECUTABLE THROUGH SEPARATE DEPARTMENTS

In order to execute each one of the operations set forth in the following groups of operations, the companies must constitute clearly differentiated separate departments:

1. Items 7 and 36, Article 221;

2. Items 16 and 42, Article 221;

3. Item 17, Article 221;

4. Item 35, Article 221;

5. Items 37 and 38, Article 221;

6. Item 39, Article 221.

*The operations referred to in this article shall be kept in clearly differentiated accounting registers in accordance with the regulations established by the Superintendency.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"ARTICLE 223. OPERATIONS EXECUTABLE THROUGH SEPARATE DEPARTMENTS

In order to act as trustees in trusts, pursuant to Item 39 of Article 221, the companies must constitute a clearly differentiated separate department. This operation shall be kept in clearly differentiated accounting registers in accordance with the regulations established by the Superintendency.**"**

Article 224. OPERATIONS EXECUTABLE THROUGH SUBSIDIARIES

In order for companies of the financial system to execute the following operations, they must incorporate subsidiaries:

1. Establish real property capitalization companies;

2. Operate as general deposit warehouses;

3. Act as stock exchange brokerage companies, subject to the Securities Market Act;

4. Establish and administer mutual fund and investment fund programs, subject to the Securities Market Act;

5. Operate as Custodian, Transportation and Cash and Securities Administration Companies, provided they have an authorization therefore issued by the Superintendency and the Ministry of Internal Affairs; and

6. Act as trustees in securitization trusts, in accordance with the provisions of the Securities Market Act.

A single subsidiary may not develop more than one of operations or activity set forth in items 1 to 6 above.

*They may also incorporate subsidiaries to execute other operations indicated in Article 221.***(*)**

(*) Article amended by Article 7 of Law Nº 28971, published on January 27, 2007, the text of which reads as follows:

"Article 224. OPERATIONS EXECUTABLE THROUGH SUBSIDIARIES

In order for companies of the financial system to execute the following operations, they must incorporate subsidiaries:

1. Establish real property capitalization companies;

2. Operate as general deposit warehouses;

3. Act as stock exchange brokerage companies, subject to the Securities Market Act;

4. Establish and administer mutual fund and investment fund programs, subject to the Securities Market Act;

5. Operate as Custodian, Transportation and Cash and Securities Administration Companies, provided they have an authorization therefore issued by the Superintendency, the Ministry of Internal Affairs and the Business and Securities National Supervisory Commission - CONASEV;

6. Act as trustees in securitization trusts, subject to the provisions of the Securities Market Act.

A single subsidiary may not develop more than one of operations or activity set forth in Items 1 to 6 above. They may also incorporate subsidiaries to execute other operations indicated in Article 221, as well as incorporate mortgage management companies as subsidiaries, as provided for in the Law.**"**

REGULATORY COMPLIANCE: LAW Nº 28364, Art. 2, Item 2.2

CHAPTER II

CONTRACTS AND INSTRUMENTS

SUBCHAPTER I

GENERAL PROVISIONS

Article 225. CURRENT ACCOUNT

*The current account regulated by this law consists of a contract by virtue of which the 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 and 290.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"ARTICLE 225. CURRENT ACCOUNT

The current account regulated by this law consists of a contract by virtue of which the 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 to 289.**"**

Article 226. 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 agrees to expressly reserve his rights. All credits or debits within the current account shall be subject to the payment of a fee.

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 account holder 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 witness statement.

The delivery of a check book by the client is not consubstantial to the current account. The disposition of available resources in current account may be made by means of the execution of an autonomous agreement of a check or by means of other agreements.

Companies shall periodically advise their clients of their bank statements, all of which shall be considered accepted if no observations thereto are filed within thirty (30) days following reception thereof.

Article 227. ASSUMPTION OF THE SPOUSE'S CONSENT

For opening and operating current accounts by individuals, the consent of the spouse of the account holder is assumed by law.

Article 228. CLOSING OF CURRENT ACCOUNTS

Current accounts are closed by initiative of the company or client. The company may reject the request to close an account submitted by the client if said account has a debit balance or the client has liabilities pending payment with it.

Unless otherwise agreed, the company may compensate the balances of different accounts that the client maintains with it, even when the closing of a current account is carried out.

Companies shall close the current accounts of those who register rejection of checks due to insufficient funds, in agreement with the terms set forth by the Superintendency. Said body 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 Gazette “El Peruano”.

Companies shall notify the Superintendency of the closing of current accounts carried out due to insufficient 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 action.

Article 229. SAVINGS DEPOSITS

Savings deposits have the following characteristics:

1. They may be constituted by individuals or corporations, even those who are illiterate and legally incompetent. 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 deposited are registered for the agreed period.

3. They are not transferable.

4. Withdrawals proceed at the sole requirement of the holder, its legal representative or attorney in fact, unless a term or limit of withdrawals has been agreed to in a given period.

Article 230. COVERAGE OR CONTINGENCY FUND SYSTEMS

Companies that offer coverage or contingency fund systems in favor of its depositors, holders of debit cards, credit cards or other services, are obligated to maintain in their registries the declarations of the clients who use said system, with the names of the beneficiaries of said coverage and their updated addresses.

On being advised of the event subject to indemnity, the corresponding amount is deposited in a savings account opened in the name of and at the disposal of the beneficiaries, in agreement with the procedures set forth by the Superintendency.

Article 231. GLOBAL AND FLOATING COLLATERAL CONTRACT

By means of the global and floating collateral contract, an encumbrance is established over the fungible fixtures subject to the guaranty that allow the maker to dispose of the good in order to substitute it with another good or other goods of equivalent value. The maker of this pledge or representative of the corporation becomes the depositor of the good or goods and is obligated to return other goods of the same kind and amount, or, otherwise, its value in cash. The depositor who does not comply with these obligations shall incur in the crime described in article 190 of the Criminal Code.

Global and floating collateral can be constituted over any type of fungible asset in order to guarantee operations subject matter of the credit insurance, of the accepted invoices or other credit operations.

*The global and floating collateral must be registered in the special register opened in the Risk Office organized by the Superintendency for this purpose. The creditor has absolute preference over the value of the global and floating collateral, and excludes all other creditors of the maker, whether the latter is subject to a restructuring or bankruptcy proceeding or not.***(*)**

(*) Article repealed by the Sixth Final Provision of Law Nº 28677, published on March 1, 2006, in force 90 days after the publication of the said Law.

REGULATORY COMPLIANCE: **SBS Resolution Nº 430-97 (Regulating Global and Floating Collateral Contracts)**

Article 232. ISSUE OF FINANCIAL INSTRUMENTS

The serial issue of financial instruments to secure savings from the public must be agreed to by the management body of the respective company, except for 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 Securities Market Public Record Office, after the due presentation of the resolution issued by the Superintendency, and the documentation specified in article 18 of the Securities Market Act.

Instruments issued in series or individually may be placed under their par value.

In terms of the issue of financial instruments, including bonds, the constitution of specific guaranties is not required.

REGULATORY COMPLIANCE: SBS Resolution Nº 1134-2003

SBS Resolution Nº 900-2006

SBS Resolution Nº 1123-2006

Law Nº 29637, Art 4 (Law regulating Covered Mortgage Bonds)

SBS Resolution Nº 6007-2011, Articles 10 and 13 (Approving Regulations for Covered Mortgage Bonds)

Article 233. BONDS

Non-redeemable subordinate bonds are eligible as part of the effective equity for the whole of its value, and have the following characteristics:

1. They are issued perpetually, the principal not being able to be amortized;

2. They generate periodical profits; and,

3. Any sum greater than one hundred percent (100%) of the book value net worth with the exception of the cumulative preferred stock and/or redeemable fixed term stock, if any, and uncommitted profit, is not computable.

Subordinate bonds meeting the following characteristics and requirements are also eligible as part of the effective equity to support credit risk:

a) The minimum original expiration period shall be greater than five (5) years.

b) The worth of bonds, or, as applicable, installments thereof, which expire during the immediately subsequent five (5) years shall not be computable as effective equity.

c) Any sum greater than fifty percent (50%) of the book value net worth is not counted with the exception of the cumulative preferred shares and/or redeemable fixed term shares, if any, and uncommitted profit.

Additionally to the characteristics set forth in the preceding paragraphs, subordinate bonds have the following general characteristics:

a) They may not be guaranteed.

b) Payment does not proceed prior to expiration, nor redeemed by draw.

c) The principal and interests of the subordinate bonds are subject, as applicable, to their application for absorption of any losses of the company remaining after the book value net worth has been fully applied to this object. In this case their application shall be carried out by law or by mandate of the Superintendency, which shall provide for the issue of new shares in favor of the holders of such bonds for the amount of their net portion to be capitalized or residual value after covering the accumulated losses.

d) They shall be assessed at their price of placement, which must have been fully paid.

*Companies may issue subordinate bonds that may be converted into shares of various types prior to their expiration or on the date of expiration, by decision of the issuing company and/or its holders, all of which shall be registered in the corresponding issuance statute.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009, the text of which reads as follows:

"ARTICLE 233. SUBORDINATED DEBT AND OTHER COMPUTABLE INSTRUMENTS FOR EFFECTIVE EQUITY

1. Any form of subordinated debt shall have the following general characteristics in order to be computable as part of Tier 2 or Tier 3 equity:

a) It cannot be secured.

b) It cannot be paid before maturity or redeemed by lot, without prior authorization by the Superintendency.

c) It shall be stated at placement or granting value, which shall be fully paid.

d) The principal amount and interest shall be applied in order to absorb the company's losses after the accounting equity has been fully applied to that end.

2. Instruments with characteristics of capital or debt, as well as non-redeemable subordinated debt and subordinated debt convertible into shares, shall be eligible as part of Tier 2 equity provided that they meet the following characteristics and requirements:

a) The principal amount and interest can absorb losses without requiring the company to stop operating or be in liquidation.

b) If there is an obligation to recognize interest, such recognition may be deferred when the company's profit does not allow such recognition.

For calculation as part of effective equity, cumulative perpetual preferred shares shall be treated as subordinated debt with characteristics of capital or debt.

3. Redeemable subordinated debt shall be eligible as part of Tier 2 equity, provided that it meets the following characteristics and requirements:

a) The minimum original maturity shall be greater than five (5) years.

b) During the five (5) years preceding maturity, annual discount of twenty percent (20%) shall be proportionally applied on the face value of the subordinated debt.

For calculation as part of effective equity, redeemable preferred shares shall be treated as the said redeemable subordinated debt.

4. Also, the Superintendency may authorize companies to grant or issue redeemable subordinated debt eligible as Tier 3 equity. Such debt shall meet the following characteristics and requirements:

a) The minimum original maturity shall be of two (2) years.

b) It shall be subject to a special condition, whereby the payment of the principal amount or recognition of interest shall not proceed, even at maturity, if it does not comply with the total limit set forth in Paragraph 1, Article 199.

c) During the two (2) years preceding maturity, an annual discount of fifty percent (50%) shall be proportionally applied on the face value of the subordinated debt.

d) The supplementary requirements established by the Superintendency.

The Superintendency shall determine the specific requirements that such instruments must meet, and authorize their calculation as part of the effective equity. It shall also establish the additional requirements that such instruments shall meet to qualify as a component of the basic equity, in accordance with the provisions set forth in Item 3, Paragraph A, Article 184."

REGULATORY COMPLIANCE: SBS. RESOLUTION Nº 4595-2009 (Approving Regulations for Calculation of Capital Instruments in the Effective Equity of Companies of the Financial System)

SBS Resolution Nº 6599-2011 (Approving Regulations for Subordinated Debt applicable to Insurance Companies, amending Appendixes approved through Res. No. 234-99, and approving Procedures in the Unique Text of Administrative Proceedings of the Superintendency of Banking and Insurance)

Article 234. DEBT INSTRUMENTS

Companies of the financial system may issue financial instruments that are referred to in the Securities Market Act and those authorized by the Superintendency through a general regulation.

Article 235. MORTGAGE INSTRUMENTS

Companies of the financial system may issue financial instruments pursuant to the regulations issued by the Superintendency.

Such instruments shall have the following general characteristics:

1. They proceed from a mortgage contract;

2. They must be guaranteed with first mortgage;

3. Mortgages on 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 other obligations of the owner of the real property or maker of the mortgage in favor of the latter;

4. All mortgage liens referred to in the preceding paragraph back, by law, all 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,

6. In case of intervention due to suspension of the payment of liabilities due to 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, after due authorization given by the Superintendency, being excluded from the remaining assets.

"7. For the purposes of the provisions set forth in the preceding paragraph, the loans granted to the companies of the financial system by Fondo MIVIVIENDA for the placement of mortgage loans shall be treated as the mortgage instruments. In this case, only the prior qualification of the Superintendency will be required to be excluded from the remaining assets."**(*)**

(*) Item added by Sole Article of Law Nº 27964, published on May 18, 2003.

Article 236. MORTGAGE-BACKED BONDS

Companies of the financial system may issue mortgage-backed bonds in agreement with standards issued by the Superintendency.

Said instruments shall have the following general characteristics:

1. They come from a mortgage loan agreement.

2. They are issued by a company of the financial system, which 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 fixed date.**(*)***

(*) Subsection repealed by the First Repealing Provision of Law Nº 27287, published on June 19, 2000, in force 120 days after its publication in the Official Gazette "El Peruano", in accordance with Article 278 of the said Law.

5. 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.

6. 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.

7. They may be amortized by the issuing company, directly or by means of purchase, redemption or draw at the par rate.

8. In the case of intervention due to the suspension of payments and obligations or the liquidation of the issuing company, the mortgage-backed bonds shall be transferred jointly with the corresponding credits and their respective mortgage collateral to another company of the financial system authorized by the Superintendency to operate with the mortgage-backed bond system, such assets and liabilities being excluded from the remaining assets.

Article 237. INVOICES APPROVED

Invoices approved consist of a negotiable instrument representing the goods delivered and unpaid that must be duly subscribed by the debtor as a symbol of conformity in terms of the delivery of the goods therein specified, their value and date of payment of the invoice.

The invoice approved is issued by the creditor and may be endorsed to third parties. It includes the description of the goods, subject matter of the transfer, subjected to the global and floating guaranty referred to in article 231.

*The invoice approved mean the direct execution against the debtor, who becomes the depositary of the goods transferred thereby, which are subject to the above-mentioned guaranty. Any return action shall be regulated by the terms of the endorsement.***(*)**

(*) Article repealed by the First Repealing Provision of Law Nº 27287, published on June 19, 2000, in force 120 days after its publication in the Official Gazette "El Peruano", in accordance with Article 278 of the said Law.

Article 238. MORTGAGE CERTIFICATES

Mortgage certificates are instruments representing long term mortgage debts, not redeemable in advance, issued by companies authorized by this law and which are backed by the mortgage of the set of real property that may be 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.

Article 239. NEGOTIABLE MORTGAGE INSTRUMENTS

A negotiable mortgage instrument is a bearer security negotiable by endorsement, which have the following formal characteristics:

1. It is issued by the Public Record Office Office in which the real property encumbered by a mortgage is registered.

2. Its issue shall proceed by virtue of the unilateral act executed by the maker, in agreement with Article 2010 of the Civil Code.

3. The mortgage lien represented by the instrument is of first range and exclusively serves as a guaranty of the loan consigned therein, having preference over any loan on account of the maker, irrespective of its origin or nature.

4. This security is issued as an instrument to the order of the owner of the encumbered property; with an indication as to the references contained by the form approved by means of a regulation issued by the Superintendency.

5. It may be freely negotiated by endorsement. In the first endorsement the following information must be registered in the same instrument: the sum of the loan which guaranty is encumbered, the expiration date of the loan, payment form, payment terms, interest rates and other conditions of the guaranteed loan. Additionally, it represents the loan consigned therein;

6. Through endorsement the loan consigned in the instrument as well as the mortgage it represents are transmitted, the different endorsers of the owner not assuming any responsibility before the last holder, who, however, holds all the shares deriving from the loan instrument against the owner and has exclusive preference in terms of the mortgage represented by the instrument to the total amount of the guaranteed loan.

7. Once the instrument is protested due to lack of payment of the loan, under the same terms and conditions that the Securities Act sets forth for the bill of exchange, there is a choice as to whether to provide for the sale of the real property by means of legal proceedings of execution of the guaranty as set forth by the Code of Civil Procedures; or to sell it directly and to the highest bidder without the intervention of any judicial authority whatsoever, under the conditions set forth by the regulations issued by the Superintendency.

8. The Public Record Office Office shall lift the mortgage loan upon the return of the negotiable mortgage instrument, duly canceled by the last endorsee in agreement with the regular endorsement order appearing in the instrument itself; maintaining the encumbrance in force, without its extinction proceeding, as established in Article 3 of Law Nº 26639.

*9. The regulations approved by means of a general regulation issued by the Superintendency shall set forth the other applicable conditions and formalities.***(*)**

(*) Article repealed by the First Repealing Provision of Law Nº 27287, published on June 19, 2000, in force 120 days after its publication in the Official Gazette "El Peruano", in accordance with Article 278 of the said Law.

REGULATORY COMPLIANCE: SBS Resolution Nº 838-97 (REGULATIONS)

R. Nº 258-99-SUNARP

SBS Resolution Nº 020-2001 (REGULATIONS)

Article 240. AUTOMATIC DEBT READJUSTMENT

The power set forth in Article 1235 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 according 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 Gazette.

In the cases in which the parties abide by the provisions hereof, the contracts, securities, and other documents, shall bear the expression “Constant Purchasing Power” or the acronym “VAC”, immediately after the corresponding figure.

REGULATORY COMPLIANCE: CIRCULAR Nº 023-2003-EF-90

CIRCULAR Nº 006-2004-EF-90

CIRCULAR Nº 020-2004-EF-90

CIRCULAR Nº 003-2005-EF-90

CIRCULAR Nº 004-2005-EF-90

CIRCULAR Nº 00705-BCRP

CIRCULAR Nº 011-05-BCRP

CIRCULAR Nº 012-05-BCRP

CIRCULAR Nº 013-05-BCRP

CIRCULAR Nº 015-05-BCRP

CIRCULAR Nº 020-05-BCRP

CIRCULAR Nº 005-2006-BCRP

CIRCULAR Nº 016-2006-BCRP

CIRCULAR Nº 018-2006-BCRP

CIRCULAR Nº 019-06-BCRP

CIRCULAR Nº 020-06-BCRP

CIRCULAR Nº 023-06-BCRP

CIRCULAR Nº 024-06-BCRP

CIRCULAR Nº 028-06-BCRP

CIRCULAR Nº 001-2007-BCRP

CIRCULAR Nº 006-07-BCRP

CIRCULAR Nº 008-07-BCRP

CIRCULAR Nº 011-07-BCRP

CIRCULAR Nº 016-07-BCRP

CIRCULAR Nº 022-07-BCRP

CIRCULAR Nº 025-2007-BCRP

CIRCULAR Nº 001-2008-BCRP

CIRCULAR Nº 008-08-BCRP

CIRCULAR Nº 013-08-BCRP

CIRCULAR Nº 016-2008-BCRP

CIRCULAR Nº 022-08-BCRP

CIRCULAR Nº 033-08-BCRP

CIRCULAR Nº 036-2008-BCRP

CIRCULAR Nº 040-2008-BCRP

CIRCULAR Nº 016-2014-BCRP

SUBCHAPTER II

TRUSTS

Article 241. CONCEPT OF TRUST

A trust is a legal relationship by means of which the trustor transfers property into 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 to as trust beneficiary.

The trust asset is different from the assets of the trustee 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.

The liquid part of the funds which make up the trust is not subject to the requirements of legal reserves.

The Superintendency provides for general regulations as to different types of trust transactions.

Article 242. COMPANIES AUTHORIZED TO ACT AS TRUSTEES

The companies authorized to act as trustees are COFIDE, the companies of multiple operations referred to in Paragraph A of Article 16 and the companies of trust services set forth in Paragraph b-5 of the above-mentioned article, as well as the companies referred to in Item 1 of Article 318.

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 of the financial system must incorporate securitization companies.***(*)**

(*) Article amended by Sole Article of Law Nº 29654, published on January 18, 2011, the text of which reads as follows:

"Article 242. COMPANIES AUTHORIZED TO ACT AS TRUSTEES

The companies authorized to act as trustees are COFIDE, the companies of multiple operations referred to in Paragraph A of Article 16 and the companies of trust services set forth in Paragraph b-5 of the above-mentioned article, the companies referred to in Item 1 of Article 318, as well as companies and institutions supervised by the Superintendency, which aims to guarantee, support, promote and advise directly or indirectly the Micro and Small Enterprise (MYPE) of any economic sector.

In case of fraud or gross negligence, the Superintendency may order the removal of the trust company or institution and appoint its replacement, if the trustor does not do so within the fixed period.

In order to perform the duties of trustee in the securitization trusts referred to in the Securities Market Act, companies and institutions of the financial system must incorporate securitization companies."

Article 243. VALIDITY OF THE CONSTITUING INSTRUMENT

For the constituting instrument of trust to be valid, the trustor must have the power to dispose of the property and rights transferred without prejudice to the requirements set forth by the law for such legal act.

Article 244. RIGHTS OF FORCED HEIR DAMAGED BY THE TRUST

The forced heirs of the trustor may require the return of trust assets by the person responsible under gratuitous trust title, to the extent in which their legitimate rights had been violated. The trust company has the power of choosing, among the trust assets, those that would have to be returned.

Nevertheless, 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 maker of the trust itself. In this case, the trust shall last up to five (5) years after the maker's death, 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 deal with the maintenance of the minor or incompetent heir, on account of the income resulting from the trust.

Article 245. ACTION TO ANNUL THE TRUSTEE TRANSFER

The action to annul the trustee transfer carried out 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 setting up of the trust.

Article 246. FORMALITY

The setting up of the trust is carried out and completed 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 in the Risk Office of the Superintendency, as considered convenient by the trustor.

The unilateral will of the trustor can be also expressed in his/her will.

In order to block the trust for third parties, it is required that the transfer to the trustee of the goods and rights registered be entered in the corresponding public deed and that the other kind of goods and rights be completed 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.

Article 247. TESTAMENTARY TRUST DOES NOT REQUIRE ACCEPTANCE

For the testamentary trust to be valid, the acceptance of the trust company appointed or trustees is not required. If such trust company or trustee rejects the appointment, it must propose a replacement, and if no other company accepts such commission, the trust shall be annulled.

The trusts referred to herein are set up since the Initiation of the Probate Proceedings.

Article 248. VALIDITY OF TRUSTS IN FAVOR OF INDETERMINATE PERSONS

The trust established in favor of indeterminate persons meeting certain conditions or requirements, or of the general public, is valid provided that the qualities required for enjoyment of the trust benefits or rules to grant them appear in the document of setting up.

Trust in benefit of the trustor itself is valid.

Article 249. 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 event, provided the replacement takes place in favor of persons who exist when the right of the first appointee is confirmed.

Article 250. TRUSTEE INTERVENING IN THE CONTRACT

If the trust beneficiary is a party to the contract, he/she shall be holder 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 set up 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 agreed penalty, or, otherwise, that established by the respective specialized judge or arbitration court.

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 beneficiary, or in the case of indeterminate assignees, they shall have the approval from the Superintendent.

Article 251. 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 who were born or conceived at the time of setting up the trust, the term shall be extended to the date of the last trust beneficiary's death.

2. Regarding cultural trusts, which aims to establish museums, libraries, archaeological, historical or artistic research institutes, the term can be indefinite and the trust shall survive as long as it complies with the purpose for which it was set up.

3. Regarding philanthropic trusts, which aims to ease the situation of those who are mentally challenged, orphans, abandoned elderly people, and needy people, the term can also be indefinite and the trust shall survive as long as complies with the purpose or which it was set up.

In the cases in which the trust term 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.

REGULATORY COMPLIANCE: Supreme Decree Nº 032-2008-AG, Art. 21 (Regulations Leg. D. Nº 1020 - Legislative Decree for the promotion of agricultural producers and the consolidation of rural property for agricultural loan)

Article 252. 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/her assignees are the holders 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 carried out contravening the agreement may be annulled if the acquirer did not act in good faith, except if the transfer was made through any stock exchange. The proceeding may be filed by any of the trust beneficiaries, trustor, and trust company itself.

Article 253. EQUITY IN TRUST

The trust assets are not liable for the obligations of the trustor, trustee or his/her assignees. In the case of the obligations of trust beneficiaries, such liability is only payable through the proceeds or payments they have at their disposal, as applicable.

In the event that the trust company agrees with the measures affecting the trust assets, the trustor or any trust beneficiary 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.

Article 254. 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 carried 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 255. 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 make part of the remaining assets.

For the value of the property, liquid resources and rights lost or not identifiable of the trust, the trust beneficiary shall hold over such remaining assets, up to the amount of the responsibility of the trust company, a credit supported by a general first order of priority.

Article 256. OBLIGATIONS OF THE TRUST COMPANY

The trust company has the following obligations:

1. To look after and administer the property and rights constituting the trust assets, with the diligence and dedication of an organized trader and loyal administrator;

2. To defend the trust assets, protecting it from physical damage and legal actions or extrajudicial acts that could affect or reduce its integrity;

3. To protect the trust assets from risks through insurance policies in agreement with the provisions of the constituting instrument;

4. To comply with the duties of the purpose of the trust, thus carrying out the necessary acts, contracts, operations, investments or businesses 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;

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 to their presentation to the Superintendency;

7. To keep any operations, acts, contracts, documents and information related to trusts in reserve, within the scopes provided for by this Law regarding bank secrecy;

8. To notify trust beneficiaries of the existence of properties and services available to them, within ten days after availability of such benefit;

9. To return the remainder of the trust assets to the trustor or its assignees, at the end of the trust, except that, given the purpose of the trust transfer, delivery is made to the trust beneficiaries or other persons;

10. To transfer, in the event of subrogation, the resources, property and rights of the trust to the new trust company; and,

11. To render accounts to the trustors and the Superintendency on termination of the trust or their intervention therein.

Article 257. PROHIBITIONS FOR THE TRUST COMPANY

The trust company is prohibited from securing, endorsing 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.

Any agreement to the contrary shall be null and void, the same being the case for any guarantees and undertakings in breach of the provisions hereof.

Article 258. 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. Employees of its trust department and those contracted 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.

Prohibitions referred to in this article include the spouses and relatives of the persons indicated and the corporations in which spouses and relatives altogether personally hold a participation exceeding fifty percent.

Any operations carried out in breach of the prohibitions set forth above shall be null and void.

Article 259. 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 the value of any loss, plus an indemnity for damages caused to the trust asset, without prejudice to the liabilities incurred.

If the instrument constituting the trust provides for the existence of a committee, board or other governing body, the provisions thereof may not amend the purpose of the trust

Article 260. ISSUE OF BEARER SECURITIES

The issue of bearer securities backed by a trust asset is subject to the provisions of the Securities Market Act.

REGULATORY COMPLIANCE: Law Nº 28424 Art. 5 Subsection j)

Article 261. RIGHTS OF THE TRUST COMPANY

The trust company has the following rights:

1. To collect a payment for its services in accordance with the provisions of the constituting instrument or, otherwise, a payment not exceeding one percent (1%) of the market value of the trust assets; and,

2. To 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 purpose.

Article 262. OBLIGATION OF THE TRUSTOR

The trustor or its assignees are obliged to include in the trust assets the property and rights set forth in the constituting instrument at the time and place stipulated.

Article 263. RIGHT OF TRUSTEES TO REQUIRE THE BENEFITS GENERATED.

Trust beneficiaries are entitled to require from the trust company the benefits generated by the trust assets or the capital itself, as stipulated in the constituting 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 and in favor of the common interest.

According to the first paragraph of Article 259, they may also require the trustor to include in the trust assets the property offered by it.

Article 264. ASSIGNMENT OF RIGHTS

Some trust beneficiaries, trustors and their respective successors may assign their rights to persons who are impeded by law or by the constituting instrument of the trust.

Article 265. NULLITY OF TRUST

The trust is null and void:

1. If it contravenes the requirement set forth in Article 243.

2. If its purpose is illegal or impossible.

3. If the trust company itself is appointed as trust beneficiary, 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 item 4 only involves some of the trust beneficiaries, the trust is valid with respect to the others.

Article 266. TRUST OVER GOODS OUT 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 survive with the remaining property.

Article 267. MORE THAN FIVE TRUSTEES

If there are more than five trust beneficiaries, they must hold meetings subject to the rules for obligees' meetings established by Articles 236, 237 and 238 of the General Corporation Law, unless otherwise stated in the trust instrument.

The meetings referred to in the preceding paragraph aim to:

1. Appoint representatives and agents to safeguard 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 unfit and, therefore, are prevented from personally taking part in meetings.

3. Adopt other measures and decisions on behalf of the common interest of their members.

4. In the cases of trusts with indeterminate trust beneficiaries, representation shall be assumed by the Superintendency.

Article 268. TRUST FOR A LONGER TERM THAN THAT PROVIDED

If the trust is established for a term exceeding that permitted by law, such excess shall be considered null, without prejudice to the provisions of Article 251.

Article 269. TERMINATION OF TRUST

The trust terminates upon:

1. Resignation of the trust company, for reasonable cause, accepted by the Superintendency.

2. Liquidation of the trust company.

3. Removal of the trust company.

4. Express waiver by all the trust beneficiaries of the benefits granted to them by the trust.

5. Loss of the property constituting the trust or a substantial part thereof, as determined by the trust company.

6. Accomplishment of the purpose for which it was set up.

7. Impossibility of the accomplishment of its purpose.

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.

In cases of items 1, 2 and 3, the reasons shall operate if no company taking charge is found within a period of six (6) months.

If the revocation referred to in item 9 is partial, the trust shall survive with regard to the property included in the equity.

Article 270. RETURN OF PROPERTY AT THE END OF THE TRUST

If the trust agreement does 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.

The following is exempted from the provisions set forth in this article: the trusts referred to in Article 244, 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.

Article 271. APPOINTMENT OF A TRUST AGENT

For every trust it receives, the trust company shall appoint a trust agent, who shall personally assume the management 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 carried out by such agent and the workers of the trustee, except as provided for in the second paragraph of Article 259.

One person may be the agent of several trusts.

The appointment of such agent must be reported to the Superintendency, which is empowered to direct his/her removal at any time.

Article 272. POSSIBILITY OF APPOINTING ADMINISTRATIVE COMMISSIONS

If the nature or the number of operations, acts and contracts concerning the property of a trust or required for the accomplishment 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 survival of the trust determined by their employment. Such contracts must be in writing.

Article 273. 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 to the corresponding accounts and records appearing in the company's books, which shall be in harmony with it.

The trust company has no right of ownership over the property constituting the trust asset, it being responsible for the administration thereof.

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, if it is made up of money, duly notifying the Superintendency in the latter case.

The conditions of trustee and creditor are mutually exclusive.

SUBCHAPTER III

TRUST COMMISSIONS

Article 275. TRUST COMMISSIONS

Companies may accept and execute the commissions of trust set forth below in accordance with item 32 of Article 221, without prejudice to the others authorized by the Superintendency:

1. Carry out the functions of depositary and supervisor of attached goods, unless the deposit includes money.

2. Provisionally manage businesses and companies that are in the process of economic and financial restructuring in agreement with the law on the matter.

3. Comply with the functions of administration, execution and liquidation of the goods of the companies declared in bankruptcy in agreement with the law on the matter.

4. Be administrators of common goods by agreement of the interested party, or through the appointment of a specialized judge in the case of Article 772 of the Code of Civil Procedures.

5. Act as testamentary or court appointed executor.

6. Keep under custody the goods of minors or incompetent persons, referred to in Article 503 of the Civil Code, and in all cases in which said Code provides for or authorizes the appointment of special, testamentary or court appointed custodian, for all or part of the goods of minor or incompetent persons.

7. Act as custodians of goods of those judicially declared as missing persons.

8. Administer the goods bequeathed or donated under a condition or up to a specific date, in order to deliver them to the heirs, legatee, or donees when the condition is complied with or the date reached.

9. Administer the goods bequeathed by means of a will or by an inter vivos act for public works, welfare or education establishments or other lawful purposes determined by the testator or donor, subject to the will of the provider.

10. Administer the goods bequeathed by means of a will or by an inter vivos act in order for the trustee to receive only the income during his/her life or during the term determined by the provider.

11. Act as administrators of goods subject to usufruct, when so established in the constituting instrument.

12. Serve as representative of holders of bonds issued by limited liability companies.

13. Administer portfolios.

14. Enter into agency agreements, with or without representation, including general or special powers to:

i Administer goods.

ii Collect loans or documents.

iii Buy and sell shares, bonds and other personal property.

iv Receive dividends and interests.

v Represent the holders of shares, bonds and securities.

REGULATORY COMPLIANCE: ***Circular Nº 015-2009-BCRP, Art. 7***

Circular Nº 039-2010-BCRP, Art. 20

Circular Nº 018-2011-BCRP, Art. 20

Article 276. RULES ON TRUST COMMISSIONS

The following rules regulate the practice of trust commissions conferred upon the companies:

1. The companies are subject to the provisions of commercial law and common law, provided that these provisions have not been amended by this law.

2. It is not necessary for the companies to grant bonds or for their representatives to take oaths in cases in which it is required by other legal provisions.

3. The companies may excuse themselves from accepting the commissions as well as waive their right thereto without stating any reasons; however, in said case they are obliged to adopt urgent measures imposed by the circumstances, in order not to affect the rights of those conferring the commission.

Article 277. USE OF MONEY ON WHICH TRUST COMMISSIONS ARE BASED

The money on which trust commissions are based, or that result therefrom is invested in accordance with the client's instructions or with the objective of the trust commission, in the manner determined in the constituting acts. When no instructions are available, it is invested within a term of fifteen (15) days after reception, in the acquisition of public debt certificates, obligations of the Central Bank or securities and other investment modalities allowed by the legislation regulating the activity of the Private Pension Fund Administrators.

Upon expiration of the above-mentioned term without the investment having been made, and as long as it does not occur, the company shall acknowledge the highest lending interests of the financial system.

Article 278. CUSTODIANS OF PROPERTY BELONGING TO MINORS

In the case of Item 6, Article 275, the prohibitions established in Articles 538 and 546 of the Civil Code are applicable to the custodian company, its directors and employees. The property of the company is not subject to legal mortgages in order to respond for the administration thereof.

Article 279. ADMINISTRATION OF PROPERTY OF MINORS OR INCOMPETENT PERSONS

The institution of forced heir in favor of a minor or incompetent person can be made on conditions that, during the minority or incompetence of the heir, the property constituting the legitimate estate be administered by a company, in spite of the fact that the minor has a father or mother, or the incompetent person has a guardian appointed by law.

Article 280. ADMINISTRATORS OF PROPERTY SUBJECT TO USUFRUCT

In the case of Item 11, Article 275, the rights and obligations of the company are set forth by the founder or, otherwise, by those corresponding to the bare owner.

Article 281. DISSOLUTION OF THE COMPANY EXECUTING THE TRUST COMMISSIONS

If a company practicing trust commissions undergoes a dissolution and liquidation process or resign from its positions, the Superintendent or specialized judge, as applicable, may appoint a replacement. Preferably, the appointed company should be in the same location.

TITLE IV

COMPANIES OF THE FINANCIAL SYSTEM

CHAPTER I

GENERAL PROVISIONS

Article 282. DEFINITIONS

1. Banking Company: A company which main business consists in receiving money from the public as deposit or through any other contractual method, and in using said money, its own capital, and that obtained from other sources of financing to grant loans through several methods, or to apply them in operations subject to market risks.

2. Financial Company: A company that obtains resources from the public and which specialty consists in facilitating the placements of primary securities issues, operating with bearer securities and rendering advisory of financial nature.

3. Rural Savings and Credit Bank: A company that obtains resources from the public and which specialty consists in granting financing preferably to medium, small and micro enterprises of the rural area.

4. Municipal Savings and Credit Bank: A company that collects resources from the public and which specialty consists in carrying out financing operations, preferably to small and micro enterprises.

*5. Municipal Popular Credit Bank: A company that specializes in granting collateral loans to the general public, also having the power to carry out liability operations with the respective Provincial and District Councils and with the municipal companies depending on the former, as well as to render banking services to said councils and companies.***(*)**

(*) Item amended by Article 8 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"5. Municipal Popular Credit Bank: A company that specializes in granting collateral loans to the general public, also having the power to carry out asset and liability operations with the respective Provincial and District Councils and with the municipal companies depending on the former, as well as to render banking services to said councils and companies."

6. Company for the Development of Small and Micro Enterprises - EDPYME: A company that specializes in granting financing, preferably, to businessmen of small and micro enterprises.

7. Financial Leasing Company: A company that specializes in acquiring personal and real property, all of which shall be assigned in use to an individual or legal entity in return for a periodical rental payment and with the option of purchasing said property at a predetermined value.

8. Factoring Company: A company that specializes in acquiring approved invoices, securities and, in general, any bearer securities representing a debt;

REGULATORY COMPLIANCE: SBS Resolution Nº 597-2010 (Establishing quarterly tax rate for factoring companies for 2010)

*9. Bond and Guaranty Company: A company that specializes in granting bonds to guaranty individuals or legal entities before other companies of the financial system or foreign companies in operations related to foreign trade;***(*)**

(*) Item amended by Sole Article of Law Nº 29850, published on April 6, 2012**, the text of which reads as follows:**

"9. Bond and Guaranty Company: A company that specializes in granting bonds to guaranty individuals or legal entities.

It comprises the reciprocal guaranty companies referred to in Article 22 of Regulations of the Homologized Text for the Promotion of Competitiveness, Formalization and Develeopment of Micro and Small Enterprises and Access to Honest Employment, approved by Supreme Decree 008-2008-TR."

10. Trust Services Company: A company that specializes in acting as a trustee in the administration of autonomous trust assets or in the compliance with trust commissions of any nature.

REGULATORY COMPLIANCE: SBS Resolution Nº 2575-2008 (Establishing quarterly tax rate for Trust Services Companies for 2008)

SBS Resolution Nº 605-2009 (Establishing quarterly tax rate for Trust Services Companies for 2009)

SBS Resolution Nº 596-2010 (Establishing quarterly tax rate for Trust Services Companies for 2010)

11. Savings and Credit Cooperatives, authorized to collect resources from the public, as referred to in Article 289 hereof.

REGULATORY COMPLIANCE: ***CIRCULAR Nº 015-2006-BCRP***

CIRCULAR Nº 005-2007-BCRP

CIRCULAR Nº 041-2008-BCRP, Item 2 (Participating entities)

CIRCULAR Nº 044-2008-BCRP (Regulations for sale operations with commitment of repurchase of foreign currency)

Circular Nº 015-2009-BCRP (Approving Circular concerning sale operations with commitment of repurchase of loan portfolio represented in securities)

Circular Nº 024-2009-BCRP (Circular concerning sale operations with commitment of repurchase of foreign currency)

Article 283. OPERATIONS EXECUTABLE BY BANKING COMPANIES

*Banking companies may execute all the operations set forth in Article 221, except for those indicated in points 16 and 42. For this purpose, they shall be authorized by the Superintendency, with the prior opinion of the Central Bank.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"ARTICLE 283. OPERATIONS EXECUTABLE BY BANKING COMPANIES

Banking companies may execute all the operations set forth in Article 221, except for that indicated in Item 16. For this purpose, they shall be authorized by the Superintendency, with the prior opinion of the Central Bank."

REGULATORY COMPLIANCE: ***SBS Resolution Nº 11698-2008 (Approving the new "Regulations for Extension of Operations" applicable to Multiple Operation Companies of the Financial System)***

Article 284. OPERATIONS EXECUTABLE BY FINANCIAL COMPANIES

*Financial companies may execute the operations set forth in Items 3b, 6, 15, 23, 28 and 29 of Article 221 and all those set forth in Module 2 of Article 290. For extension of their operations, they must comply with the requirements established in the aforesaid article.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"ARTICLE 284. OPERATIONS EXECUTABLE BY BANKING COMPANIES

Financial companies may execute the operations set forth in 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. All other operations indicated in Article 221 may also be executed by these companies provided they meet the requirements established by the Superintendency.**"**

REGULATORY COMPLIANCE: SBS Resolution Nº 1122-2006 (Regulations for Extension of Operations)

SBS Resolution Nº 11698-2008 (Approving the new "Regulations for Extension of Operations" applicable to Multiple Operation Companies of the Financial System)

Article 285. OPERATIONS EXECUTABLE BY RURAL SAVINGS AND CREDIT BANKS

*Rural savings and credit banks may execute the operations set forth in Items 2, 3 b), 6, 8, 9, 11, 12, 15, 23, 25, 28, 29 and 39 of Article 221 hereof. All other operations indicated in Article 221 may also be executed by these companies provided they meet the requirements established in Article 290.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"ARTICLE 285. OPERATIONS EXECUTABLE BY RURAL SAVINGS AND CREDIT BANKS

Rural savings and credit banks may execute the operations set forth in Items 2, 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. All other operations indicated in Article 221 may also be executed by these companies provided they meet the requirements established by the Superintendency.**"**

REGULATORY COMPLIANCE: SBS Resolution Nº 1122-2006 (Regulations for Extension of Operations)

SBS Resolution Nº 11698-2008 (Approving the new "Regulations for Extension of Operations" applicable to Multiple Operation Companies of the Financial System)

SBS Resolution Nº 4727-2009 (Approving Regulations for Subordinated Debt applicable to Companies of the Financial System), Art. 7

Article 286. OPERATIONS EXECUTABLE BY MUNICIPAL SAVINGS AND CREDIT BANKS

*Municipal savings and credit banks may execute the operations authorized by their special laws. Additionally they may execute the operations set forth in Items 23, 29 and 39 of Article 221. All other operations set forth in Article 221 may also be executed by these companies provided they comply with the provisions of Article 290.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"ARTICLE 286. OPERATIONS EXECUTABLE BY MUNICIPAL SAVINGS AND CREDIT BANKS

Municipal savings and credit banks may execute the operations authorized by their special laws. Additionally they may execute the operations set forth 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, Article 221. All other operations set forth in Article 221 may also be executed by these companies provided they meet the requirements established by the Superintendency.**"**

REGULATORY COMPLIANCE: SBS Resolution Nº 1122-2006 (Regulations for Extension of Operations)

SBS Resolution Nº 11698-2008 (Approving the new "Regulations for Extension of Operations" applicable to Multiple Operation Companies of the Financial System)

SBS Resolution Nº 4727-2009 (Approving Regulations for Subordinated Debt applicable to Companies of the Financial System), Art. 7

Article 287. OPERATIONS EXECUTABLE BY MUNICIPAL POPULAR CREDIT BANKS

*Municipal Popular Credit Banks may execute the operations referred to in Item 5 of Article 282 hereof. Additionally they may execute the operations set forth in Items 23, 29 and 39, Article 221. All other operations set forth in Article 221 may also be executed by these companies provided they comply with the provisions of Article 290.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"ARTICLE 287. OPERATIONS EXECUTABLE BY MUNICIPAL POPULAR CREDIT BANKS

Municipal Popular Credit Banks may execute the operations referred to in Item 5 of Article 282 hereof. Additionally they may execute the operations set forth 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, Article 221. All other operations set forth in Article 221 may also be executed by these companies provided they meet the requirements established by the Superintendency.**"**

REGULATORY COMPLIANCE: SBS Resolution Nº 1122-2006 (Regulations for Extension of Operations)

SBS Resolution Nº 11698-2008 (Approving the new "Regulations for Extension of Operations" applicable to Multiple Operation Companies of the Financial System)

SBS Resolution Nº 4727-2009 (Approving Regulations for Subordinated Debt applicable to Companies of the Financial System), Art. 7

Article 288. OPERATIONS EXECUTABLE BY EDPYMES

*EDPYMES may execute the operations set forth in Items 3b), 4, 6, 11, 15, 23, 28, 29 and 39, Article 221 and in Subsection iii, Item 14, Article 275 hereof. All other operations set forth in Article 221 may also be executed by these companies provided they meet the requirements contained in Article 290.***(*)**

(*) Article replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"ARTICLE 288. OPERATIONS EXECUTABLE BY EDPYMES

REGULATORY COMPLIANCE: Circular Nº CS-16-2008 (Approving Circular on Information about commissions and fees of insurance brokers and auxiliaries - individuals)

Circular Nº CS-23-2010 (Approving Circular on identity of policyholders, insured and beneficiaries of insurance policies)

SBS Resolution Nº 1797-2011, Art. 1 (Regulations for Registration of Insurance Intermediaries and Auxiliaries)

Article 336. REGISTRATION OF INSURANCE INTERMEDIARIES

The Superintendency sets forth the requirements for registration of insurance intermediaries as well as their obligations, rights, guaranties and other conditions that they must subject their activities to, having to comply with at least the following:

1. Maintain their competent capacity to engage in their activities.

2. Not be involved in any cases of incompatibility or impediments.

3. Be up to date in the payment of their contributions to the Superintendency.

REGULATORY COMPLIANCE: SBS Resolution Nº 1797-2011, Art. 13 (Regulations for Registration of Insurance Intermediaries and Auxiliaries)

CHAPTER II

INSURANCE INTERMEDIARIES

SUBCHAPTER I

INSURANCE BROKERS

Article 337. INSURANCE BROKERS

Insurance brokers are individuals or corporations that, at the request of the insured party, may act as intermediaries in the execution of insurance contracts and advise the insured parties or contracting parties of the insurance in matters that they are competent in.

REGULATORY COMPLIANCE: *CIRCULAR Nº CS-9-2004*

CIRCULAR Nº CS-11-2005

Circular Nº CS-16-2008 (Approving Circular on Information about commissions and fees of insurance brokers and auxiliaries - individuals)

Circular Nº CS-19-2009 (Establishing provisions for submission of information related to sales promoters and agreements on sale of Compulsory Insurance against Road Traffic Crashes)

Circular Nº CS-21-2010 (Establishing matters for presentation of professional public liability policy of insurance and reinsurance brokers)

Circular Nº CS-22-2010 AS-19-2010 (Approving provisions applicable to information delivery through the Control Electronic Platform of the Insurance Intermediary and Auxiliary Registry)

Circular Nº CS-23-2010 (Approving Circular on identity of policyholders, insured and beneficiaries of insurance policies)

Article 338. FUNCTIONS AND DUTIES OF INSURANCE BROKERS

The insurance broker has the following functions and duties:

1. Act as intermediary in the contracting of insurance.

2. Advise the insurance company, on behalf of the insured party, of the risk conditions.

3. Advise the insured party or contracting party of the insurance, of the clauses of the contract with details and accuracy.

4. Verify that the policy contains the stipulations and conditions according to which the risk is covered.

5. Notify the insurance company of any changes of the risk that would require a variation on the coverage amount.

REGULATORY COMPLIANCE: SBS Resolution Nº 1797-2011, Arts. 24 and 25 (Regulations for Registration of Insurance Intermediaries and Auxiliaries)

Article 339. ACTIVITIES PROHIBITED FOR INSURANCE BROKERS

Insurance brokers are forbidden to subscribe risk coverage on their own behalf or to collect premiums on behalf of the insured party.

REGULATORY COMPLIANCE: SBS Resolution Nº 1797-2011, Art. 5, subsection i) (Regulations for Registration of Insurance Intermediaries and Auxiliaries)

Article 340. POWER GRANTED THROUGH 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 carry out administrative acts of representation but not of disposal.

The notices sent to the insurance broker have effect in relation to its client.

Article 341. INSURANCE APPLICATION AND AMENDMENTS 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.

SUBCHAPTER II

REINSURANCE BROKERS

Article 342. FUNCTIONS OF REINSURANCE BROKERS

The reinsurance broker has the following functions and duties:

1. Act as intermediary in the contracting of reinsurance.

2. Advise the insurance company in terms of the selection of the reinsurance contracts.

3. Maintain the insurance companies informed in terms of the changes and tendencies of the reinsurance markets that may determine the convenience of amending a program or reinsurance contract.

4. Render advice regarding the presentation, follow-up and collection of claims that the insurance company shall formulate.

REGULATORY COMPLIANCE: ***CIRCULAR Nº CS-9-2004***

Circular Nº CS-21-2010 (Establishing matters for presentation of professional public liability policy of insurance and reinsurance brokers)

Circular Nº CS-22-2010 AS-19-2010 (Approving provisions applicable to information delivery through the Control Electronic Platform of the Insurance Intermediary and Auxiliary Registry)

SBS Resolution Nº 1797-2011, Art. 29 (Regulations for Registration of Insurance Intermediaries and Auxiliaries)

CHAPTER III

INSURANCE AUXILIARIES

SUBCHAPTER I

CLAIM ADJUSTERS

Article 343. FUNCTIONS OF THE CLAIM ADJUSTER

The claim adjuster has the following functions:

1. Estimate the value of the insured property before the occurrence of the claim in the event that it was covered by the policy.

2. Examine, investigate and determine the known or assumed causes of the claim.

3. Qualify, inform and issue an opinion as to whether the claim is covered by the conditions of the policy.

4. Establish the amount of losses or damages covered by the policy.

5. Indicate the amount that must be indemnified in agreement with the conditions of the policy.

6. 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.

REGULATORY COMPLIANCE: ***CIRCULAR Nº CS-9-2004***

CIRCULAR Nº CS-11-2005

Circular Nº CS-16-2008 (Approving Circular on Information about commissions and fees of insurance brokers and auxiliaries - individuals)

Circular Nº CS-22-2010 AS-19-2010 (Approving provisions applicable to information delivery through the Control Electronic Platform of the Insurance Intermediary and Auxiliary Registry)

SUBCHAPTER II

INSURANCE EXPERTS

Article 344. FUNCTIONS OF THE INSURANCE EXPERTS

The functions of the insurance expert are the following:

1. As a risk inspector, to examine and qualify a good, a responsibility or an operation, as an action that must take place before the insuring process, with the purpose of the insurance company appreciating the risk that it must cover.

2. As a 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.

3. As a damage inspector, to investigate the damages and losses, estimating the amount of one or the other, as well as the value of the objects damaged.

REGULATORY COMPLIANCE: ***CIRCULAR Nº CS-9-2004***

CIRCULAR Nº CS-11-2005

Circular Nº CS-16-2008 (Approving Circular on Information about commissions and fees of insurance brokers and auxiliaries - individuals)

Circular Nº CS-22-2010 AS-19-2010 (Approving provisions applicable to information delivery through the Control Electronic Platform of the Insurance Intermediary and Auxiliary Registry)

SECTION FOUR

SUPERVISORY BODY

TITLE I

NAME, PURPOSE AND DOMICILE

Article 345. 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.

REGULATORY COMPLIANCE: Law Nº 29946, Fourth Final and Amendatory Provision (Insurance Agreement Act)

The Superintendency is empowered to control and supervise 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 supplementary 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.

REGULATORY COMPLIANCE: SBS Resolution Nº 829-2005

Article 346. AUTONOMY AND SCOPE OF COMPETENCE OF THE SUPERINTENDENCY

This law determines the framework of the functional, economic and administrative autonomy of the Superintendency of Banking and Insurance; it establishes its location within the structure of the State; defines the scope of its competence; and sets forth the other functions and powers.

All laws or legal provisions other than this law may not establish regulations that must be compulsorily and imperatively complied with by the Superintendency.

Article 347. PURPOSE OF THE SUPERINTENDENCY

The Superintendency is responsible for the defense of the public interest, guaranteeing the economic and financial soundness of individuals and legal entities under its control; enforcing the legal, regulatory and statutory provisions governing their activities; practicing, to that end, the

broadest control over all of their transactions and businesses, filing criminal claims against unauthorized individuals and legal entities practicing the activities set forth herein, and closing their offices, and, as applicable, requesting the dissolution and liquidation of the violator.

REGULATORY COMPLIANCE: SBS Resolution Nº 829-2005

Article 348. 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.

TITLE II

POWERS AND FUNCTIONS

CHAPTER I

POWERS

Article 349. POWERS

The Superintendent has the following powers, in addition to those already established herein:

1. Authorize the organization and operation of legal entities that aim to carry out any of the operations set forth herein;

2. Ensure the compliance with the laws, regulations, bylaws and all other provisions that regulate the Financial System and Insurance System, to that end having the broadest and absolute control over all operations, businesses and, in general, any juridical act that the companies of said systems execute;

REGULATORY COMPLIANCE: ***CIRCULAR Nº G-142-2009 (Establishing provisions related to characteristics of Master Hiring Agreements)***

3. Carry out a comprehensive supervision of the companies of the Financial System and Insurance System, as well as of those subjected to its supervision in agreement with the special laws and those executing supplementary operations;

4. Supervise individuals or legal entities that invest funds in the country;

5. 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 Code of Civil Procedures for this diligence.

6. Interpret, in administrative channels, subject to the provisions of common law and the general principles of law, the scopes of the legal provisions that regulate the companies of the Financial System and Insurance System, as well as those rendering complementary services, its decisions being considered as administrative precedents of mandatory compliance;

7. Approve or amend the regulations issued by the Superintendency;

REGULATORY COMPLIANCE: ***CIRCULAR Nº G-142-2009 (Establishing provisions related to characteristics of Master Hiring Agreements)***

8. Establish the general regulations governing contracts and instruments related to operations set forth in Title III of Section Two hereof and approve the general contracting clauses to which the companies under its competence are subjected, as provided for by the pertinent articles of the Civil Code;

9. Issue the regulations necessary for the execution 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;

xREGULATORY COMPLIANCE

10. Issue the necessary provisions in order for the companies of the financial system to adequately comply with the agreements subscribed by the Republic, which aim to combat money laundering;

11. 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. Provide for the individualization of risks for each company, separately;

13. Issue general regulations to specify the elaboration, presentation and publication 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 regulations on consolidation of these financial statements in agreement with the generally accepted accounting principles;

14. Enter into cooperation agreements with other Superintendencies and related entities in other countries with the purpose of a better practice of the consolidated supervision;

15. Enter into agreements with other national supervisory bodies in order to adequately practice said supervision;

16. Make arrangements with the Central Bank in all cases set forth herein;

17. Without prejudice to the provisions of Article 269 of the Securities Market Act, the Superintendency may issue guidelines of general nature which the rating of 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.***(*)**

(*) Item amended by Article 3 of Law Nº 29878, published on June 5, 2012**.**

“ 18. Identify the abusive clauses in the medical, health or medical assistance insurance policies. The use of such clauses in the insurance policies is banned.”

“ 19. In general, it is empowered to carry out all the necessary acts to safeguard the interests of the public in agreement with this Law.**” (*)**

(*) Item added by Article 3 of Law Nº 29878, published on June 5, 2012.

REGULATORY COMPLIANCE: SBS Resolution Nº 829-2005

CIRCULAR Nº B-2149-2005

Circular Nº B-2191-2010 (Approving Rules for the Record of Interest Rate, Commissions and other Costs - RETASAS)

Article 350. POWER OF INSPECTION

For the development of the power of inspection referred to in the preceding article, the Superintendent may examine, through the means considered necessary, books, accounts, archives, documents, correspondence, and, in general, any other information necessary for compliance with its functions. The company, representative or broker is obliged to provide all the facilities required by the personnel in charge of the inspections for compliance with their objectives.

The refusal, resistance of noncompliance of the obligees, provided they are duly accredited, shall result in the imposition of any of the sanctions set forth in Article 361.

Moreover, it may require all the background information deemed necessary to determine the financial situation, resources, administration or management, acts of representatives, degree of security and prudence with which the investments are effected and, in general of any other issue, that must be clarified in the opinion of the Superintendent.

Third parties may also be asked to render testimony and requested to exhibit books and documents; this action shall be carried out within the limits set forth by Article 47 of the Code of Commerce.

Article 351. CLOSING OF OFFICES AND DISSOLUTION OF BREACHING COMPANIES

The Superintendent shall order the immediate closing of the offices where unauthorized operations are being executed pursuant to this law, with the intervention of the Attorney General'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 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.

Article 352. DISSOLUTION OF THE BREACHING COMPANY

Without prejudice to the power that Article 365 of the General Corporation Law 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 abovementioned General Corporation Law not being applicable.

The liquidation process shall be in agreement with the provisions of the General Corporation Law, the expenses originated with this procedure having to be assumed by the breaching company.

Article 353. DISSEMINATION OF INDICATORS OF THE SUPERVISED COMPANIES

The Superintendency must publish its annual report by May 31 of each year at latest. Moreover, it must periodically disseminate the information regarding the main indicators of the situation of companies subject to its control, being able to order them to publish any other information that they deem necessary for the public.

CHAPTER II

CONTROL AND SUPERVISION

SUBCHAPTER I

CONTROL

Article 354. PROVISIONS REGARDING THE ELABORATION AND PRESENTATION OF FINANCIAL STATEMENTS

For the purposes referred to in Item13 of Article 349, the Superintendency is authorized to:

1. Request the supervised companies to constitute provisions and reserves for assets and contingencies involving credit and market risks, in agreement with the general provisions issued on the matter;

2. 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. Require that real property and other assets appearing in books be adjusted to their real market value, in agreement with the methodology established by it;

4. Forbid companies from paying dividends and distributing profit, regardless of the method used, as long as they do not meet the requirements set forth in the preceding items; and,

5. When, the Superintendency is not provided with the information of any asset or contingency that would allow an 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.

xiREGULATORY COMPLIANCE

Article 355. OBLIGATION TO SUBMIT REPORTS ON AGREEMENTS CONCERNING DIVIDENDS AND USE OF PROFITS

All the companies are obliged to submit to the Superintendency a report explaining the agreements adopted as to the declaration of dividends or other form of use of profits or resources. The term for submission of said report is of ten business days, counted as from the date of adoption of the agreement. A similar term must elapse in order for the agreement to become effective.

The Superintendency may suspend the agreements of use of profits as long as it does not receive explanations that satisfactorily respond to the observations formulated with regard to said agreements.

Moreover, for a period of 6 (six) months, renewable for the same term, the Superintendency is empowered to forbid said companies subject to its control, which present financial instability or a deficient administration, from executing one or more of the following operations:

1. Take additional risks of any and all kinds with any individual or legal entity directly or indirectly related to the property or management of the company, with or without guaranties;

2. Renew any operation involving risks for over 180 (one hundred eighty) days;

3. Carry out operations generating new market risks;

4. Purchase, sell or encumber real or personal property corresponding to their fixed assets or to their permanent financial investments;

5. Transfer documents from their credit portfolio;

6. Grant loans without collateral; and,

*7. Grant Powers of Attorney for the execution of the operations set forth in the preceding items;**(*)***

(*) Article amended by Article 1 of Law Nº 27008, published on December 5, 1998, the text of which reads as follows:

"Article 355. Obligation to submit reports on agreements concerning dividends or use of profits

All the companies are obliged to submit to the Superintendency a report explaining the agreements adopted as to the declaration of dividends or other form of use of profits or resources.

The term for submission of said report is of ten (10) business days, counted as from the date of adoption of the agreement. A similar term must elapse in order for the agreement to become effective.

The Superintendency may suspend the agreements of use of profits 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 shall require them the equity evaluation and adjustments it deems pertinent. Moreover, for 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. Take additional risks of any and all kinds with any individual or legal entity directly or indirectly related to the property or management of the company, with or without guaranties;

2. Renew any operation involving risks for over 180 (one hundred eighty) days;

3. Carry out operations generating new market risks;

4. Purchase, sell or encumber real or personal property corresponding to their fixed assets or to their permanent financial investments;

5. Transfer documents from their credit portfolio;

6. Grant loans without collateral; and,

7. Grant Powers of Attorney for the execution of the operations set forth in the preceding items.

Similarly, in the event that a company shows financial instability or a deficient administration, the Superintendency must provide for the equity evaluation and adjustments it deems pertinent." ***(*)***

(*) Article replaced by Article 6 of Law Nº 27102, published on May 6, 1999, the text of which reads as follows:

"Article 355. REPORTS ON THE USE OF PROFITS AND COMPANIES THAT PRESENT FINANCIAL INSTABILITY OR DEFICIENT ADMINISTRATION

All the companies are obliged to submit to the Superintendency a report explaining the agreements adopted as to the declaration of dividends or other form of use of profits or resources. The term for submission of said report is of ten (10) business days, counted as from the date of adoption of the agreement. A similar term must elapse in order for the agreement to become effective.

The Superintendency may suspend the agreements of use of profits 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 shall determine the actual equity and, if necessary, require them the equity adjustments it deems pertinent. Also, the Superintendency may ask shareholders for cash contributions immediately. Moreover, for 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. Take additional risks of any and all kinds with any individual or legal entity directly or indirectly related to the property or management of the company, with or without guaranties;

2. Renew for over 180 (one hundred eighty) days, any operation that implies risks;

3. Carry out operations generating new market risks;

4. Purchase, sell or encumber real or personal property corresponding to their fixed assets or to their permanent financial investments;

5. Transfer documents from their credit portfolio;

6. Otorgar créditos sin garantía; y,

7. Grant Powers of Attorney for the execution of the operations set forth in the preceding items."

Article 356. DETERMINATION OF VIOLATIONS

The Superintendent is empowered to subpoena one or more representatives of the companies when it considers that there are signs of their instability, or when they have incurred in one of the following infractions:

1. Transgress any regulation, provision or order that may have been issued by the Superintendency in exercise of its powers.

2. Conduct its businesses or operations in a prohibited or unauthorized way.

3. Reduce the capital stock to figures lower than the legal minimum.

4. Exceed their operation limits set forth by this law.

5. Have a reserve deficit.

6. Keep books and accounting in such way that its review does not show accurately the true status of the supervised company, or that the records does not offer due security

7. Other infractions set forth by this law.

The Superintendency may require all individuals and legal entities, even when they are not included within the scope of its competence, to submit 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 of court.

SUBCHAPTER II

INSPECTION

Article 357. INSPECTIONS

Without prior notice and at least once a year and when it deems so convenient, the Superintendency shall make general and special inspections, directly or through auditing companies it authorizes, in order to assess the situation of the companies supervised, determining the content and scopes of such inspections.

Article 358. NOTICE TO THE GOVERNMENT ATTORNEY GENERAL'S OFFICE

The Superintendent shall inform the Government Attorney General's Office of the criminal offenses that have been detected during inspections conducted on institutions subject to its control.

Article 359. REPORTS

The inspections referred to herein 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 written reports required by it for due compliance with the powers granted to it by the Constitution and the Law.

REGULATORY COMPLIANCE: R. Nº 018-2009-BCRP, Subsection d), Art. 51

Article 360. PROHIBITION TO REVEAL THE RESULTS OF THE REPORT

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 offense and in the crime typified in Article 165 of the Criminal Code.

CHAPTER III

SANCTIONS

Article 361. SANCTIONS

The Superintendency shall apply the following sanctions according to the seriousness of the transgression committed:

1. Admonition.

2. Fine applied to the company for an amount of at least ten tax units but not greater than two hundred tax units, unless this law specifically provides for a different amount.

3. Fine applied to the responsible director or worker of at least point five tax units but not greater than one hundred tax units.

4. Suspension of the responsible director or worker for a term of at least three days but not greater than fifteen, and removal in case of recidivism.

5. Dismissal.

6. Disqualification of director or worker in case they are responsible for the intervention in or liquidation of the institution that they are in charge of.

7. Prohibition to distribute dividends.

8. Intervention.

9. Suspension or annulment of the operating license.

10. Dissolution and liquidation.

The application of the aforesaid sanctions does not exempt infractors from any civil or criminal liability.

*The sanctions set forth in items 1, 2, 3, 4, 5, 6 and 7 of the preceding article shall be imposed by the authorized officials. The fine scale shall be established by the Superintendency.***(*)**

(*) Article amended by Article 1 of Law Nº 28184, published on March 2, 2004, the text of which reads as follows:

"Article 361. Sanctions

The Superintendency shall apply the following sanctions according to the seriousness of the transgression committed:

1. Admonition.

2. Fine applied to the company for an amount of at least ten tax units but not greater than two hundred tax units, unless this law specifically provides for a different amount.

3. Fine applied to the responsible director or worker of at least point five tax units but not greater than one hundred tax units.

4. Suspension of the responsible director or worker for a term of at least three days but not greater than fifteen, and removal in case of recidivism.

5. Dismissal.

6. Disqualification of director or worker in case they are responsible for the intervention in or liquidation of the institution that they are in charge of.

7. Prohibition to distribute dividends.

8. Intervention.

9. Suspension or annulment of the operation license.

10. Dissolution and liquidation.

The application of the aforesaid sanctions does not exempt infractors from any civil or criminal liability.

The sanctions set forth in items 1, 2, 3, 4, 5, 6 and 7 of the preceding article shall be imposed by the authorized officials. The fine scale shall be established by the Superintendency.

Transgressions subject to sanction are those set forth in the present Law and those that, in a previous and general form, by a rule, are typified by the Superintendency.**"**

REGULATORY COMPLIANCE: SBS Resolution Nº 816-2005 (Regulations for Sanctions Applicable to Supervised Individuals and Legal Entities)

SBS Resolution Nº 1025-2005, Art. 24

Supreme Decree Nº 063-2007-EF, Fourth Final Supplementary Provision

Article 362. A CONTENTIOUS ADMINISTRATIVE COMPLAINT DOES NOT SUSPEND THE EXECUTION OF THE SANCTION

The filing of a contentious administrative complaint does not suspend the execution of the sanction.

If the fine is not paid within five days following notification thereof, it shall be subject to enforced collection and readjusted on the basis of the Wholesale Price Index, published monthly by the National Institute of Statistics and Informatics for the whole country, plus the corresponding legal interests.

TITLE III

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 and its appointment is ratified by the Congress of the Republic of Peru.

The position of superintendent shall have the constitutional term of the government administration that appoints him/her. The superintendent may be appointed for one or more successive periods and he/she 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 for 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 shall hold the position for the constitutional term he/she was appointed in accordance with the provisions of the preceding paragraphs.

Article 364. REQUIREMENTS TO ACT AS SUPERINTENDENT

The following requirements are necessary to act as superintendent:

1. Be a Peruvian citizen.

2. Be over 30 years old.

3. Have specialized studies and experience of at least five years in economic, financial and banking affairs.

4. Have an exemplary conduct and acknowledged solid reputation and moral standards.

Article 365. IMPEDIMENTS TO BE APPOINTED AS SUPERINTENDENT

The following are impediments for the appointment as superintendent:

1. Have a direct or indirect participation in the capital or equity of any company subject to the supervision of the Superintendency.

2. Act as director, advisor, official or employee of the companies subject to the control of the Superintendency.

3. Having been declared bankrupt, even if the respective proceeding was discontinued.

4. Having been condemned for the commission of fraudulent crimes, even when having undergone rehabilitation.

5. Having been disabled by the Superintendency as organizer, shareholder, director or manager of the companies subject to its control.

6. Incur in any of the impediments set forth herein for acting as organizer, shareholder, director or manager.

7. Having been sanctioned by the Superintendency for acts of bad management in the direction or administration of companies subject to its control.

8. Having been removed from a public office or having been dismissed due to serious offense.

REGULATORY COMPLIANCE: ***Supreme Decree Nº 018-2006-JUS, Art.20, Item.20.6***

SBS Resolution. Nº 479-2007, Art. 22

Article 366. SERIOUS OFFENSES AND REMOVAL OF THE SUPERINTENDENT

The following are considered serious offenses of the superintendent:

a) Not having adopted the necessary measures to sanction, as applicable, those who carry out activities of the companies subject to the control of the Superintendency without having the pertinent authorization;

b) The violation of the prohibitions set forth in article 365;

c) Not applying the sanctions referred to in article 361 when having duly verified information that undoubtedly evidences the transgression committed.

The removal of the superintendent is carried out by the Congress, by its own initiative, or at the request of the Executive Branch in the following cases:

1. When, in the performance of his/her functions he/she incurs in a serious offense that has been duly verified and grounded.

2. When, in the absence of the reasons considered in the preceding paragraph, a final arrest warrant is issued against the superintendent.

Any criminal complaint filed against the Superintendent of Banking and Insurance shall be directly filed before the Attorney General, who shall be the only claimant of the criminal suit against him/her. In case the complaint was declared well founded, the Attorney General shall submit it to the Specialized Division of the Court of Appeals in and for Lima, which shall take cognizance of the matter in the first instance. The sentence may be appealed before the Supreme Court of the Republic, which shall act as the revising and final instance.

*This procedure is applied to Deputy Superintendents.***(*)**

(*) Article amended by Article 1 of Law Nº 28755, published on June 6, 2006,**the text of which reads as follows:**

"Article 366. SERIOUS OFFENSES AND REMOVAL OF THE SUPERINTENDENT, COMPLAINT AGAINST SUPERINTENDENT AND DEPUTY SUPERINTENDENTS

The following are considered serious offenses of the Superintendent:

a) Not having adopted the necessary measures to sanction, as applicable, those who carry out activities of the companies subject to the control of the Superintendency without having the pertinent authorization;

b) The violation of the prohibitions set forth in Article 365;

c) Not applying the sanctions referred to in Article 361 when having duly verified information that undoubtedly evidences the transgression committed.

The removal of the Superintendent is carried out by the Congress, by its own initiative, or at the request of the Executive Branch in the following cases:

1. When, in the performance of his/her functions he/she incurs in a serious offense that has been duly verified and grounded.

2. When in the absence of the reasons considered in the preceding paragraph, a final arrest warrant is issued against the Superintendent.

Any criminal complaint filed against the Superintendent of Banking, Insurance and Private Pension Fund Administrators or against Deputy Superintendents shall be directly filed before the Attorney General, who shall be the only claimant of the criminal suit against him/her. In case the complaint was declared well founded, the Attorney General shall submit it to the Specialized Division of the Court of Appeals in and for Lima, which shall take cognizance of the matter in the first instance. The sentence may be appealed before the Supreme Court of Justice of the Republic, which shall act as the revising and final instance.

This procedure is applied to the former Superintendents and former Deputy Superintendents who have been criminally accused, from the operation of this Law, for alleged crimes committed in the exercise of their functions and up to five years after they have ceased."

Article 367. POWERS OF THE SUPERINTENDENT

For the administrative management of the Superintendency, the Superintendent is empowered to:

1. Determine and change the organic structure of the Superintendency.

2. Approve and amend the Regulations of Organization and Functions of the Superintendency and other provisions required for its normal and efficient operation.

3. Program, formulate, approve, execute, extend, amend and control the annual budget of the Superintendency.

4. Appoint officials of greater hierarchy and assign the functions considered necessary.

REGULATORY COMPLIANCE: Law Nº 29038 (Act incorporating the Financial Intelligence Unit of Peru (UIF-PERÚ) to the Superintendency of Banking, Insurance and Private Pension Fund Administrators)

5. Appoint the official who shall substitute him/her when absent or when temporarily prevented from acting as such, or in the event of resignation while the position is vacant. This power may not be exercised if an action had been started against the Superintendent for his/her removal; in which case the Executive Branch will.

6. Establish the amount from which the managers of the companies subject to the control of the Superintendency shall advise their Board of Directors of credits, guaranties and investments and sales carried out.

7. Issue provisions that lead to an effective coordination of the activities of the Superintendency with those of internal or external auditors of companies subject to its control, as well as the auditing companies and risk rating companies.

8. Appoint, contract, suspend, remove or dismiss personnel of the Superintendency as well as establish their remunerations; and assign its powers to any of them.

9. Enter into contracts and other acts required for the normal development of the activities of the Superintendency, including those of rendering services for the execution of specific works, unless expressly assigned.

10. Enter into agreements with State bodies or other foreign banking, financial and insurance supervision institutions for training and exchange of information in the matters of supervision.

11. Any other powers leading to the adequate compliance with the objectives of the Superintendency.

12. All others set forth by this law and the provisions governing other institutions subject to the control of the Superintendency.

Article 368. PROCEDURAL POWERS OF THE SUPERINTENDENT

The procedural powers that the Superintendent confers upon any employee of the Superintendency are not subject to the formalities provided for by Article 72 of the Code of Civil Procedures for purposes of granting them. Thus, for the power to be effective, it shall be sufficient for it to appear in a Resolution duly signed and sealed by the Superintendent.

Except as otherwise provided 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 Code of Civil Procedures not being applicable for this effect.

Article 369. ADMINISTRATIVE INSTANCES

All administrative resolutions issued by the Superintendency in the exercise of its powers may be subject matter of reconsideration before the official that issued it and appealed before the Superintendent who constitutes the last and second instance, within the terms set forth by the General Law of Administrative Procedures.

This provision is not applicable to the resolutions issued by the Superintendent, according to its knowledge, in the cases of exceptions provided for by this law.

The resolution issued by the Superintendent is the end of the administrative channel.

Article 370. CONTENTIOUS ADMINISTRATIVE ACTION

A contentious administrative action may be filed against the resolution of the Superintendent, within fifteen (15) business days counted as from the date following the notification.

The Superintendent shall refer the claim to the competent division of the Supreme Court within fifteen business days after the filing of the complaint.

*The competent division of the Supreme Court shall issue a resolution within a term of sixty (60) days counted as from the expiration of the term set forth in the preceding paragraph.***(1)(2)**

(1) This Article is repealed by Item 9 of the First Repealing Provision of Law Nº 27584, published on December 7, 2001, upon operation of the said Law within thirty (30) calendar

days following its publication in the Official Gazette in accordance with the Third Final Provision thereof. In accordance with Article 1 of Urgency Decree Nº 136-2001 published on December 21, 2001, the period of operation is extended to 180 days.

(2) In accordance with Article 4 of Law Nº 27684, published on March 16, 2002, the Urgency Decree Nº 136-2001 is repealed, and in accordance with Article 5 of the said Law, it is stated the operation of Law Nº 27584 within 30 days following the publication of Law Nº 27684. Consequently, this Article is repealed.

TITLE IV

ADMINISTRATIVE AND ECONOMIC REGIME

CHAPTER I

PERSONNEL REGIME

Article 371. LABOR REGIME

All personnel of the Superintendency are 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 regulations shall additionally establish the prohibitions for the personnel.

Article 372. NON-DISCLOSURE OF INFORMATION

All employees, delegates, agents or persons rendering services to the Superintendency under any title are prohibited from disclosing any detail of the reports issued, or giving strangers any information regarding any matter, business or situation that was brought to their attention during the performance of their duties.

CHAPTER II

ECONOMIC REGIME

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 Comptroller General's Office shall be responsible for controlling the execution of the budget of the Superintendency.

REGULATORY COMPLIANCE: SBS Resolution Nº 247-2006

SBS Resolution Nº 253-2007

SBS Resolution Nº 26-2008

SBS Resolution Nº 315-2009

SBS Resolution Nº 316-2009

SBS Resolution Nº 15947-2009 (Approving austerity, rationality and discipline measures for expenses and personnel admission, as well as amounts on which the selection processes applicable in 2010 will govern)

SBS Resolution Nº 511-2011 (Setting the quarterly contribution for Authorized Representatives of Foreign Companies)

Article 374. CONTRIBUTIONS FROM SUPERVISED COMPANIES

The contributions that must be made 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.

xii REGULATORY COMPLIANCE

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 premium.

REGULATORY COMPLIANCE: SBS Resolution Nº 66-2006

SBS Resolution Nº 510-2011 (Setting the contribution rate for the year 2011 for Banking Institutions, Financial Institutions, Financial Leasing Companies and Insurance Companies, and General Deposit Warehouses)

SBS Resolution Nº 146-2012 (Setting the rate for the year 2012 for Banking Institutions, Financial Institutions, Financial Leasing Companies and Insurance Companies, and General Deposit Warehouses, Pension Fund Banks and Private Pension Institutions)

3. In the case of life insurance companies, in the proportion indicated in Item1 of this article.

REGULATORY COMPLIANCE: SBS Resolution Nº 66-2006

SBS Resolution Nº 510-2011 (Setting the contribution rate for the year 2011 for Banking Institutions, Financial Institutions, Financial Leasing Companies and Insurance Companies, and General Deposit Warehouses)

SBS Resolution Nº 146-2012 (Setting the rate for the year 2012 for Banking Institutions, Financial Institutions, Financial Leasing Companies and Insurance Companies, and General Deposit Warehouses, Pension Fund Banks and Private Pension Institutions)

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 special laws.

xiii REGULATORY COMPLIANCE

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.

REGULATORY COMPLIANCE: SBS Resolution Nº 121-2004

SBS Resolution Nº 119-2005

SECTION FIVE

SUSPICIOUS FINANCIAL TRANSACTIONS

Article 375. IDENTIFICATION OF CLIENTS AND MAINTENANCE OF REGISTERS

1. The companies of the financial system shall maintain registered accounts. No non-registered accounts or any accounts kept under fictitious or inaccurate names shall be maintained.

2. The companies of the financial system shall register and verify through reliable means, the identity, representation, domicile, legal capacity, occupation and corporate purpose of such persons, whether occasional or regular clients, through document such as identity documents, passports, birth certificates, driver's license, corporate agreements and bylaws, or any other documents, whether official or private, when commercial relations are established, especially when opening new accounts, granting pass-books, carrying out trust transactions, leasing safe deposit boxes or carrying out cash transactions that exceed a specific amount as provided for by the Superintendency.

3. The companies of the financial system shall adopt reasonable measures to obtain and maintain information regarding the true identity of the persons in whose benefit an account is opened or a transaction carried out, when there are doubts as to the fact that said clients could possibly not be acting in their own benefit, especially in the case of corporations that do not carry out commercial, financial or industrial operations where their headquarters are located.

4. The companies of the financial system shall maintain registries of the information and documentation required in this article during the term of an operation and for at least ten years as from financing of the transaction.

5. The companies of the financial system shall maintain registries of the identities of their clients, archives of commercial correspondence and accounts as determined by the Superintendency, for at least ten years after the account is closed.

6. The companies of the financial system shall additionally maintain registries that allow for the reconstruction of the financial transactions that exceed a specific amount pursuant to the provisions of the Superintendency, for at least ten years after the conclusion of said transaction.

Article 376. AVAILABILITY OF REGISTRIES

1. The companies of the financial system shall comply, within the term specified, with responding to the requests of information submitted by the competent authorities in relation to the information and documentation referred to in the preceding article in order to be used in criminal, civil or administrative proceedings and investigations, as applicable, in connection with illegal drug trafficking or related crimes.

*The companies of the financial system may not disclose to any person, except for a court, competent authority or other person authorized by the legal provisions, the fact that a piece of information has been required or provided to the court or competent authority.***(*)**

(*) Paragraph replaced by the First Final, Temporary and Supplementary Provision of Law Nº 27693, published on April 12, 2002, the text of which reads as follows:

"The companies of the financial system may not disclose to any person, except for 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 required or provided to the court or competent authority."

2. The competent authorities may share said information with other national or foreign competent authorities, as provided for by law, in connection with illegal drug trafficking or related crimes.

The competent authorities shall regard the information referred to in this article as classified, unless said information is necessary in criminal, civil or administrative proceedings and investigations, as applicable, in connection with illegal drug trafficking and related crimes.

3. The legal provisions regarding bank secrecy do not constitute an impediment for compliance with this article, when the information is required or shared by the competent authority.

Article 377. CASH TRANSACTION REGISTER AND NOTIFICATION

1. All companies of the financial system must register, in a form designed by the Superintendency, each cash transaction in domestic or foreign currency that exceeds a specific amount in agreement with the provisions issued by it.

2. The forms referred to in the preceding item shall contain at least the following information related to each transaction:

a) Identity, signature or fingerprint of the person physically executing the transaction;

b) Identity and address of the person on whose behalf the transaction is being performed;

c) Identity and address of the beneficiary or receiver of the transaction, if any;

d) Identity of the accounts affected by the transaction, if any;

e) Type of transaction being performed, such as deposits, withdrawal of funds, currency exchange, cashing of checks, purchases of certified checks or cashier's checks, or payment orders or other payments and transfers made by or through the company;

f) Identity of the company of the financial system in which the transaction was made; and

*g) Date, time and amount of the transaction.***(*)**

(*) Item 2, amended by the Second Final, Temporary and Supplementary Provision of Law Nº 28306, published on July 29, 2004, the text of which reads as follows:

"2. The forms referred to in the preceding item shall contain at least the following information related to each transaction:

a) Identity, signature or fingerprint of the person physically executing the transaction;

b) Identity and address of the person on whose behalf the transaction is being performed;

c) Identity and address of the beneficiary or receiver of the transaction, if any;

d) Identity of the accounts affected by the transaction, if any;

e) Type of transaction being performed, such as deposits, withdrawal of funds, currency exchange, cashing of checks, purchases of certified checks or cashier's checks, or payment orders or other payments and transfers made by or through the company;

f) The origin of cash in domestic or foreign currency, by which transaction will be made. For this purpose, the company may also require the clients to submit a Sworn Statement of the origin of funds, when it is considered necessary.

g) Identity of the company of the financial system in which the transaction was made; and,

h) Date, time and amount of the transaction.

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. Multiple cash transactions, whether in domestic or foreign currency, which as a whole exceed a specific amount, are considered a single transaction, if made by or on behalf of a particular person during a single day or in any other term established by the Superintendency. In such case, the company, its employees, officials and agents shall record, as indicated by the Superintendency, any such transactions brought to their attention. The amount shall be determined from time to time by the Superintendency through a general provision.***(*)**

(*) Item 4, repealed by the Ninth Final, Temporary and Supplementary Provision of Law Nº 28306, published on July 29, 2004.

5. Transactions made between the companies of the financial system that are subject to supervision of the Superintendency do not need to be registered in the form referred to in this article.

6. Such 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 trafficking and related crimes.

7. When deemed convenient, the Superintendency may establish that companies of the financial system submit, within the term specified by it, the form referred to in Items 2 and 3 of this article. The form may be used as a means of proof or official report and is used for the same purposes set forth in Item 6 of this article.

8. The companies of the financial system may not disclose to 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 provisions concerning the bank secrecy or confidentiality do not constitute an impediment for compliance with this article.

Article 378. REPORTING SUSPICIOUS FINANCIAL TRANSACTIONS

1. Companies of the financial system should pay special attention to any complex, peculiar and significant transaction, whether made 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 Item1 of this article may constitute or involve illegal activities, companies of the financial system shall report so immediately to the Attorney General.**(*)***

(*) Item replaced by the First Final, Temporary and Supplementary Provision of Law Nº 27693, published on April 12, 2002, the text of which reads as follows:

"*2. Whenever it is suspected that any of the transactions described in Item1 of this article may constitute or involve illegal activities, companies of the financial system shall report so immediately to the Financial Intelligence Unit of Peru."***(*)**

(*) Item 2, amended by the Second Final, Temporary and Supplementary Provision of Law Nº 28306, published on July 29, 2004, the text of which reads as follows:

"2. Whenever it is suspected that any of the transactions described in Item1 of this article may constitute or involve illegal activities, according to their good criteria, companies of the financial system shall report so immediately to the Financial Intelligence Unit of Peru. Such communication is ruled by the 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.The companies of the financial system may not disclose to any person, except for a court, competent authority or other person authorized by the legal provisions, the fact that a piece of information has been required or provided to the court or competent authority.(*)

(*) Item replaced by the First Final, Temporary and Supplementary Provision of Law Nº 27693, published on April 12, 2002, the text of which reads as follows:

"3. The companies of the financial system may not disclose to any person, except for 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 required or provided to the court or competent authority." **(*)**

(*) Item 3, amended by the Second Final, Temporary and Supplementary Provision of Law Nº 28306, published on July 29, 2004, the text of which reads as follows:

"3. The companies of the financial system that inform the Financial Intelligence Unit of Peru about the suspicious financial transactions described herein and in the Law Nº 27693, as well as their shareholders, directors, officers, employees, workers or third parties with professional links to the obligated subjects, under responsibility, are forbidden to disclose to any person, entity or body, including their own supervisory bodies, by any mean or form, the fact that any information has been requested and/or provided to the Financial Intelligence Unit of Peru, unless the jurisdictional body or competent authority requests it according to the law."

4. The 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.

Article 379. RESPONSIBILITIES OF COMPANIES OF THE FINANCIAL SYSTEM

1. The companies of the financial system, their employees, officials, directors or other authorized representatives who, acting as such, participate in illegal drug trafficking or related crimes, shall be subject to more severe sanctions.

2. The companies of the financial system are responsible, by law, for the acts of their employees, officials, directors or other authorized representatives who, acting as such, participate in the commission of the crimes set forth in Article 296-B of the Criminal Code. This responsibility may determine, among other measures, the imposition of a fine or the suspension or revocation of the authorization for operation.

3. The employees, officials, directors or other authorized representatives of companies of the financial system who, acting as such, deliberately fail to comply with the obligations set forth in articles 375 and 378, or who forge or adulterate the records or reports referred to in said articles.

4. Notwithstanding the criminal and civil liabilities that could fall to them in relation to illegal drug trafficking and related crimes, the companies of the financial system that do not comply with the obligations referred to in Articles 375 to 378 and 380 shall be sanctioned, among other measures, with the imposition of a fine, the temporary prohibition to make transactions, or the suspension or revocation of the authorization for operation.

Article 380. MANDATORY COMPLIANCE PROGRAMS FOR COMPANIES OF THE FINANCIAL SYSTEM

1. The companies of the financial system shall adopt, develop and execute programs, regulations, procedures and internal controls 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 programs, such as “know your client” and instruction regarding the responsibilities set forth in Articles 375 to 378;

c) An independent auditing mechanism to verify compliance with the programs.

2. The companies of the financial system shall also appoint officials at managerial levels in charge of controlling compliance with internal programs and procedures, including maintenance of the adequate registries and report of suspicious transactions. Said officials constitute a link with competent authorities.

Article 381. POWERS OF THE SUPERINTENDENCY

1) Pursuant to law, the Superintendency is empowered 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 the company of the financial system.

c) Examine, control or inspect the companies of the financial system and regulate and supervise the effective compliance with the obligations of registration and reports set forth in the preceding paragraphs;

d) Verify, through regular examinations, that the companies of the financial system have and apply the mandatory compliance programs;

e) Provide the competent authorities with the information obtained from companies of the financial system in agreement with Articles 375 et seq., 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 patterns in the behavior of their clients. These guidelines are developed taking into account modern and secure techniques for the management of assets, and should serve as an educational element for the personnel of companies of the financial system;

g) Cooperate with other competent authorities and provide them technical assistance, within the framework of investigations and processes regarding illegal drug trafficking and related crimes.

2) In accordance with the law, the Superintendency shall closely cooperate with competent authorities of other States in investigations, processes and acts concerning illegal drug trafficking and related crimes.

FINAL AND SUPPLEMENTARY PROVISIONS

FIRST: The Central Bank and the Superintendency shall make the pertinent coordinations in order to comply with the purposes commissioned by the Political Constitution of Peru.

The Superintendent shall be present in the Board of Directors of the Central Bank at least once every three months, in order to engage in the necessary exchange of information regarding his/her functions.

SECOND: The Superintendency and CONASEV shall make the pertinent coordinations in order to comply with the purposes of supervision as provided for by the corresponding laws.

The Superintendent shall be present in the Board of Directors of CONASEV at least once every three months in order to engage in the necessary exchange of information regarding financial and capital markets.

THIRD: The financial leasing companies and general deposit 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.

FOURTH: In all criminal claims filed against a company of the Financial and Insurance System or its representatives, as well as any other supervised company, the authority who is informed of said claim shall request the technical report of the Superintendency as soon as the corresponding claim comes to its attention, under responsibility.

FIFTH: Municipal Popular Credit Banks and Municipal Savings and Credit Banks shall continue being regulated by the provisions contained in their respective laws, except for those related to risk weighting factors, minimum capitals, regulatory capital, limit and levels of provisions established by this law as a guaranty for the savings of the public, and the requirement of their conversion into limited liability companies without the need of a plurality of shareholders.

In agreement with the provisions of Article 2 of Law Nº 26483, amendment to the Organic Law of Municipalities, the Municipal Councils shall appoint their representatives for the board of directors of the corresponding Bank, who may not be governors.

Regulations contained in the General Corporation Law 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.

SIXTH: Regulations of Articles 167, 168 and 171 are of general application, even when the credit instrument or real or personal guarantee, referred to in said regulations, have not been received by a company of the financial system.

SEVENTH: The Superintendency shall promote the constitution of arbitration courts that are integrated by persons of acknowledged moral and professional integrity, and that may issue resolutions with respect to any controversies arising between the companies of the financial and insurance systems, and those arising between said companies and their clients.

EIGHTH: It is established that the transfers of mortgaged real property in favor of companies, whether by means of judicial sale 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 had been registered prior to the date of constitution of the mortgage-backed security.

NINTH: The Glossary appearing in an Annex, which makes an integral part hereof, is hereby approved.

TENTH: *Banking companies that are in operation on enforcement hereof may execute all operations referred to in Article 221, with the exception of those set forth in Item16 and 42, for which operations they shall require the supplementary authorization from the Superintendency.*

*All other companies may also execute the operations that they were authorized to engage in by virtue of Legislative Decree Nº 770 and special laws regulating them. They may extend the framework of their activities provided the Superintendency grants them the corresponding authorization in accordance with the provisions of Articles 290 and 318 of this law.***(*)**

(*) Provision repealed by Article 4 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

ELEVENTH: Andean multinational companies engaged in banking activities are governed by Decision 292 of the Commission of the Cartagena Agreement, without prejudice to the compliance with the provisions regulating the activity of companies and other pertinent provisions of this law.

TWELFTH: The companies engaged in rendering money and securities transportation services shall require the authorization of the Superintendency and Ministry of Internal Affairs.

THIRTEENTH: *The provisions contained herein are supplementarily applicable to COFIDE as long as they do not alter its condition as a second tier development bank as established in its bylaws.*

Moreover, the Banco de la Nacion, in its conditions as corporation under public law, is regulated by its bylaws; however, it is also subject to the provision contained in Article 33.

*Both institutions are excluded from the Deposit Insurance Fund.***(*)**

(*) Final and Supplementary Provision amended by the Third Final Provision of Law Nº 28579**, published on July 9, 2005, the text of which reads as follows:**

"THIRTEENTH:

The provisions contained herein are supplementarily applicable to COFIDE as long as they do not alter its condition as a second tier development bank as established in its bylaws. Said provisions are supplementarily applicable to Fondo MIVIVIENDA S.A., as long as they do not alter the provisions set forth in the Conversion Act or its condition of an entity specialized in the development of the

mortgage market. Moreover, the Banco de la Nacion, in its condition as corporation under public law, is regulated by its bylaws; however, it is also subject to the provision contained in Article 33.

REGULATORY COMPLIANCE: Supreme Decree Nº 047-2006-EF (Approving execution of operations and services carried out between Banco de la Nacion and institutions granting loans to micro and small enterprises, in towns where it is the only banking institution)

The abovementioned institutions are excluded from the Deposit Insurance Fund.

Fondo MIVIVIENDA S.A. may act simultaneously as trustee and trustor. Said entity may act as a trustee in securitization trusts; Article 224, subsection 6 and last paragraph of Article 242 hereof not being applicable.**"**

FOURTEENTH: The Superintendency regulates the procedures established in Section Five hereof by means of general provisions in order to ensure compliance with its objectives.

FIFTEENTH: *It is established that Article 58 of the Organic Law of the Central Bank, only refers to banking companies and those included in module 3 of Article 290.***(*)**

(*) Provision repealed by Article 4 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

SIXTEENTH: TheSmall Business Loan Guarantee Fund- FOGAPI is subject to the risk weighing factors, effective equity, limits and level of provisions, established by this law, and to the supervision of the Superintendency. The adaptation term shall be of 90 days.

SEVENTEENTH: Multinational banks incorporated in agreement with Decree Law Nº 2195, which are in operations, and which do not choose to adapt to the general provisions contained in this Law, shall be regulated by the following provisions:

1. Only public or private investment or credit financial institutions and insurance and reinsurance companies of acknowledged trustworthiness in their countries of origin may be shareholders of multinational banks.

2. The minimum subscribed capital of multinational banks shall be fifty million US dollars or its equivalent in other freely convertible currencies. The paid-up capital may not be lower than fifty percent of said sum.

3. Multinational banks are organized with the participation of foreign capital and have the purpose of promoting and participating in all types of banking and financial operations, investment and development of businesses, services and other related activities in the country and abroad.

4. The banks incorporated as multinational banks shall be considered foreign as well as their investments and loans in the country, when made with foreign resources.

5. Multinational banks may execute lending and borrowing operations pertaining to banking or financial companies in the domestic market, provided they allocate a capital of at least the legal minimum required for banking companies from its capital stock and in cash, maintaining said resources in the country.

6. For the establishment, transfer and closing of branches or agencies of multinational banks within the country, it is required the prior authorization of the Superintendency, which shall be granted after taking into account the general and local economic and financial conditions, with the prior report of the Central Bank. In the case of branches or agencies abroad, the only requirement is to inform the Superintendency of their existence.

7. The accounting books and registers required by the Peruvian legal provisions must be kept in Spanish by multinational banks, also being able to be kept in a foreign language as provided by their bylaws.

8. Separate accounts shall be maintained to reflect operations, incomes and expenses originated by their activities abroad and in the country.

9. Operations carried out in the local market shall be registered in domestic currency, the operations in foreign currency being able to be kept in the original currency in auxiliary registers.

10. The consolidated financial statements may be elaborated and presented in the currency established by the respective bylaws.

11. In case the multinational bank had its head office in another country, the provisions of Article 292 of this law shall be applicable.

12. When the multinational bank has its head office in Peru, it shall be regulated, in the following order, by:

a) The regulations contained in this final provision;

b) All other regulations contained in this law;

c) The regulations contained in its bylaws.

13. When the multinational bank has its head office outside Peru and has a branch in Peru, it shall be regulated, in the following order, by:

a) The regulations contained in its bylaws as regards extraterritorial issues not jeopardizing public savings;

b) The regulations contained in this law as regards matters not jeopardizing public savings;

14. When the multinational bank has its head office outside Peru, it shall be regulated, in the following order, by:

a) The regulations contained in its bylaws;

b) The regulations contained in this final provision as regards the information that must be submitted to and the authorizations that must be obtained from the Superintendency;

c) In the event that the multinational bank is not subject to any supervision mechanism equivalent to that set forth by this law in the country where it has its head office, the Superintendency may assume said supervision.

15. The multinational banks shall provide the Superintendency with all the information and documentation it requests.

REGULATORY COMPLIANCE: ***Supreme Decree Nº 018-2006-JUS, Art.21- Subsection 21.3***

EIGHTEENTH: The instruments issued for purposes of securitization and financial leasing bonds, by nature, are not subject to advance redemption and may be traded in the secondary market.

NINETEENTH: The provisions contained in Articles 53 and 55 of this law are not applicable to the participation of companies of the financial system in COFIDE.

*Additionally, the participation of companies of the financial system in the institution referred to in Supreme Resolution Nº 346-96-PCM, dated September 27, 1996, and in savings and credit municipal banks, which are not subject to the provision contained in Item 1, Article 20, is exempted from the provisions of Articles 53 and 55.***(*)**

(*) Paragraph amended by Article 8 of Law Nº 27102 published on May 6, 1999, the text of which reads as follows:

"Additionally, the participation of companies of the financial system in the institution referred to in Supreme Resolution Nº 346-96-PCM, dated September 27, 1996, and in savings and credit municipal banks, which are not subject to the provision contained in Item 6, Article 20, is exempted from the provisions of Articles 53 and 55."

TWENTIETH: In all cases provided for in this law, where the opinion of the Central Bank is to be issued, its opinion shall be considered favorable to the request formulated, if it does not issue a report within a term of thirty days.

REGULATORY COMPLIANCE: ***SBS Resolution Nº 11698-2008, Art. 4***

TWENTY-FIRST: The risk rating companies referred to herein are regulated by the Securities Market Act, as well as by other similar companies incorporated abroad and previously qualified by the Superintendency.

TWENTY-SECOND: CONASEV, through general provisions, shall establish criteria for the link between direct and indirect property and between economic groups in the matters regulated by the Securities Market Act.

TWENTY-THIRD: The ratios to be used for the purposes provided for in Article 148 may be changed by the Superintendency with the prior opinion of the Central Bank.

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 hereof, may operate with resources of the public.

2. The control of the savings and credit cooperatives not authorized to operate with third parties corresponds, in the first instance, to its surveillance council and its general meeting of associates.

3. The supervision of cooperatives referred to in Item 2 shall be the responsibility of the National Federation of Savings and Credit Cooperatives or other second class federations acknowledged by the Superintendency and those that voluntarily become affiliated.

REGULATORY COMPLIANCE: SBS Resolution Nº 13278-2009

4. With respect to affiliated cooperatives, the cooperative federations referred to in Item 3 above, are empowered to:

a) Require any cooperative to adopt, within the term and in agreement with the conditions established, the necessary measures to reestablish an adequate level of solvency. For this purpose, it may vary its financial structure and reorganize its administration with amendments required by its governing and management bodies;

b) Collect from cooperatives all the information requested and require them to submit all types of documentation;

c) Conduct external auditing to affiliated cooperatives;

d) Constitute a contingency fund for financial support of the affiliated cooperatives; and

e) Provide all other services required by the member cooperatives of the respective federation.

5. The government bodies of such federations referred to in items 3 and 4 above are the General Meeting, Board of Directors 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 cooperatives 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 cooperatives;

b) Carry out inspection visits;

c) Provide for the adoption of the necessary measures to correct the equity or administrative deficiencies detected.

7. Savings and Credit Cooperatives not authorized to obtain resources from the public have the following characteristics:

a) They have a variable capital based on the amount of contributions from cooperatives;

b) They may only obtain resources from their members;

c) They may only grant loans 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 Cooperative Act and supplementary 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 cooperatives referred to in this final provision.

(*) In accordance with Sole Article of SBS Resolution Nº 809-2000, published on November 11, 2000, the term "acts" contained herein must be understood as "actions".

REGULATORY COMPLIANCE: SBS Resolution Nº 1100-2002

SBS Resolution Nº 759-2007

Law Nº 29463, Art. 2 (Authorization to receive Severance Indemnity deposits (CTS))

TWENTY-FIFTH: Legislative Decree Nº 770, as well as Decree Laws Nº 12813, 25987 and 25612 and supplementary and amending provisions are hereby repealed.

Also, Articles 10, 31, 32, 33, 34 and 35 of Maritime Mortgage Act - Law Nº 2411, as well as the First Supplementary Provision of Legislative Decree Nº 857 are hereby repealed. Maritime mortgages shall be governed by general regulations of the Civil Code on mortgages, and by regulations contained in Article 170 hereof, Article 6 of the Tax Code enacted by Legislative Decree Nº 816, and, as applicable, by the Equity Restructuring Law, enacted by Legislative Decree Nº 847.

Items 2, 4 and 7 of Article 73 and Article 74 of the General Cooperatives Act, comprised by the Homologized Text approved by Supreme Decree Nº 074-90-TR, Decree Law Nº 26091, and, in general, all provisions opposing or contravening the provisions hereof are repealed.

"**TWENTY-SIXTH:**

The public record offices must register upon simple presentation of the resolutions issued by the Superintendency by virtue of Article 99, Item 2, Article 107, Item 1, and Article 355. Moreover, for the purposes of the provisions of Item 3, Article 99, the opposing provisions of the Securities Market Act are not applicable".**(1)(2)**

(1) Provision added by Article 9 of Law Nº 27102, published on May 6, 1999.

(2) In accordance with the Sole Final Provision of SBS Resolution Nº 8504-2010, published on August 7, 2010**, this final and supplementary provision comprises resolutions that may be**

issued by the Superintendency in agreement with provisions of Articles 11 and 12 of the regulations approved by the aforesaid Resolution.

"TWENTY-SEVENTH:

The rights and other goods acquired by third parties in good faith during the intervention regime are not subject matter of claims, nor are they subject matter of legal or administrative objections. The certifications of the transfers issued by the Superintendency are sufficiently valid so as to be registered in the respective public record offices.

The goods of the company during the intervention regime are not susceptible to any precautionary measure whatsoever".**(*)**

(*) Provision added by Article 9 of Law Nº 27102, published on May 6, 1999.

"TWENTY-EIGHTH:

In order to facilitate 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 herein and in other provisions that are applicable."**(*)**

(*) Provision added by Article 9 of Law Nº 27102, published on May 6, 1999.

"TWENTY-NINTH:

Supervised persons shall be entitled to be indemnified by the Superintendency for any damage in their property and rights, except in cases of force majeure, provided that allegedly responsible workers and/or officials had acted knowingly and negligently in the performance of their duties. In these cases, the Superintendency may file an action against workers and officials responsible for damage, under the terms provided for in Article 238 of Law Nº 27444, General Administrative Procedure Act.

Precautionary measures for future enforcement of judgment against the property of workers and officials of the Superintendency for acts or omissions performed in the exercise of their regulatory and supervisory functions according to this Law shall be applicable if, by consent or final judgment, it is declared the public liability of the Superintendency for acts or omissions performed by workers or officials, whose goods are subject matter of the petition for involvement. Tha authority who is informed of any criminal complaint filed against workers or officials of the Superintendency for acts or omissions performed in the exercise of their regulatory and supervisory functions in accordance with this Law shall request the Superintendency, prior to the issue of any judgment, a technical report indicating the scope of the functions of the worker or official.

The provisions of this Article do not weaken the powers of the Congress of the Republic of Peru and of the Peruvian Comptroller General's Office to exercise their control and supervisory functions in respect of acts or omissions of workers or officials of the Superintendency."

(*) Provision added by Article 2 of Law Nº 28755, published on June 6, 2006.

"THIRTIETH: Notwithstanding the provisions hereof, the companies of the insurance system and/or providers of insurance services, located in the territory of a country with which Peru keeps an international treaty in force allowing the contracting of the following insurance and insurance-related services:

a) insurance against risks relating to:

(i) maritime transport, commercial aviation and space launching and freight (including satellites), covering any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising from thereof; and

(ii) goods in international transit.

b) retrocession and reinsurance services;

c) consultancy, actuarial services, risk assessment and claim settlement; and,

d) intermediation of insurance against risks related to the items listed in subparagraphs (a) and (b); such insurance and insurance-related services may be provided in Peru.

Notwithstanding other prudential measures for cross-border trade of the abovementioned services, the Superintendency may require the registration of companies or cross-border providers and of financial instruments in agreement with the Thirty-Second Final and Supplementary Provision of this Law.**" (*)**

(*) Provision added by Article 3 of Legislative Decree Nº 1052, published on June 27, 2008.

xiv REGULATORY COMPLIANCE WITH USA-PERU FREE TRADE AGREEMENT

"THIRTY-FIRST:

The authorization issued by the Superintendency for the extension of operations of the financial system, in accordance with Articles 283 to 289, shall require the prior opinion of the Central Bank in the case of the following operations:

a. Item 1, Article 221: Receive sight deposits;

b. Item 2, Article 221: Receive fixed-term and savings deposits as well as those in custody;

c. Item 3a), Article 221: Grant overdrafts or advances in current accounts;

d. Item 30a), Article 221: Issue cashier's checks;

e. Item 30b), Article 221: Issue payment orders;

f. Item 31, Article 221: Issue traveler's checks; and,

g. Item 16, Article 221: Carry out transactions with commodities and derivative financial products, such as forwards, futures, swaps, options, credit derivatives or other derivative instruments or contracts." (*)

(*) Provision added by Article 2 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

" h. Item 42, Article 221: Issue e-money.**" (*)**

(*) Subsection added by the Third Amendatory Provision of Law Nº 29985, published on January 17, 2013.

REGULATORY COMPLIANCE: ***SBS Resolution Nº 11698-2008, Art. 4***

"THIRTY-SECOND:

To the extent practicable, the Superintendency shall:

a) Publish in advance any regulations of general application relating to matters hereof and the purpose of said regulations;

b) Provide interested persons a reasonable opportunity to comment on such proposed regulations;

c) Consider substantive comments received from interested persons related to the proposed regulations, upon adoption of final regulations; and,

d) Allow a reasonable period to elapse between publication of final regulations and their effective date.

Regulations referred to in Articles 133, 184, 186, 187, 188, 189, 190, 191, 192, 193, 194, 196, 212 and 233 shall be previously published for a period of ninety (90) calendar days prior to final publication.**" (*)**

(*) Provision added by Article 2 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

xv REGULATORY COMPLIANCE WITH USA-PERU FREE TRADE AGREEMENT

TEMPORARY PROVISIONS

FIRST: This law shall be in force as from the date following its publication in the Official Gazette "El Peruano", except for the special terms set forth herein.

The companies of the financial and insurance system, which are in business when this law is passed, must adapt their operations and bylaws to the provisions contained herein, within a term of six months counted as from enforcement hereof, except as otherwise provided for herein.

In case that, as a result of the application of the provisions regarding consolidated supervision, there were excesses of concentration of placements, the companies shall gradually adapt to the limits established in Articles 202 to 211 hereof by December 31, 2001, at latest. However, these levels of concentration may not be increased.

If, as a result of the application of the first paragraph of Article 202, there were excesses of limits, the companies of the financial system shall adapt to the new limit established therein, within a period not exceeding the term set forth in the preceding paragraph. However the levels of concentration existing up to the date of publication hereof may not be increased.

*Furthermore, the companies of the financial system shall adapt to the stipulations of Article 133 hereof within the terms determined by the Superintendency by means of general provisions, which shall not go beyond June 30, 2000.***(*)**

(*) Paragraph repealed by Article 3 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009.

*The deficit of reserves existing on the date of enforcement hereof shall be covered within the terms established by the Superintendency.***(*)**

(*) Paragraph repealed by Article 3 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009.

SECOND: Subordinate bonds issued prior to enforcement hereof are regulated by the law that was in force when they were issued.

THIRD: *As from December 31, 2000, the Superintendency may authorize, with the prior opinion of the Central Bank, an increase in the computable portion of the perpetual subordinate bond and long term bonds in over thirty percent of the paid up capital and reserves established in Legislative Decree Nº 770, and up to the limits set forth in Article 233.*

Moreover, as from that date, the Superintendency may authorize companies to issue subordinate bonds that are eligible as effective equity to exclusively support market risks, with the following characteristics and requirements:

a) They will have an original minimum expiration of two (2) years.

b) They shall be subject to a special condition according to which the payment of the interest or the principal will not proceed, even on expiration, if as a result of such payments the computable effective equity of the company for market risks falls or is maintained below the required level.

c) With the exception of cumulative and/or redeemable fixed term bonds, if any, and non-committed profits, amounts over two hundred fifty percent (250%) of the accounting capital are not computable; and,

d) The supplementary requirements that may be established by the Superintendency.

*In addition to the characteristics arising from the preceding paragraphs, subordinate bonds have the general characteristics set forth in the last paragraph of Article 233.***(*)**

(*) Provision repealed by Article 3 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009.

FOURTH: *The assets and contingencies subject to market risks shall continue being subject to the percentage levels of the risk weighing factors set forth by the Banking, Financial and Insurance Institutions Act, approved by Legislative Decree Nº 770, as long as the corresponding regulations are not issued.***(*)**

(*) Provision repealed by Article 3 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009.

FIFTH: Savings and credit cooperatives that, on enforcement hereof, wish to receive resources from the public must adapt to this law. To this end, the amount of the cooperative reserve shall be deposited to the legal reserve account established herein, the regulations of Article 44 of the Cooperatives Act, Homologized Text approved by Supreme Decree, Nº 074-90-TR not being applicable.

The cooperative reserve shall be considered as part of the capital stock contributed by the shareholders up to the date of transformation, acknowledging in their favor the proportional part over said funds based on the contributions effectively made to the cooperative. Such contributions shall be represented by corporate shares that may be freely transferable to third parties.

SIXTH: *The balance of the legal reserve that the insurance companies have constituted in agreement with the provisions of the General Corporation Law shall be transferred to the legal reserve referred to in Article 64 hereof.*

*The guaranty fund shall be constituted within a term not exceeding three years, which may be extended by the Superintendency when so required by the circumstances.***(*)**

(*) Provision repealed by Article 4 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

SEVENTH: Unless they adapt to the general provisions contained herein, the existing multinational banks shall be subject to the regime specified in the seventeenth final and supplementary provision.

EIGHTH: The liquidation processes in course within the scope of the Liquidation Committee of Legislative Decree Nº 770 shall be transferred to the Superintendency by June 30, 1997, at latest. To that end, the Superintendency shall issue the corresponding measures in order for said transfer to be carried out without affecting the current execution process of their respective assets. Said processes shall be subject matter of commission pursuant to the provisions of Article 115.

NINTH: The Rural Savings and Credit Banks shall register the pledges on their agricultural property in the respective public record offices within a non-extendable term of one hundred eighty (180) days counted as from the date of publication hereof. Pledges on agricultural property not registered within such term may not be opposed before other companies of the financial system.

TENTH: Cash transportation, custody and administration companies, as well as fund transfer companies currently in operations shall adapt to the provisions hereof within a term established by the Superintendency. To that end, they shall submit the respective plan to approval of the Superintendency.

REGULATORY COMPLIANCE: SBS Resolution Nº 1025-2005 (Approving Regulations for Fund Transfer Companies (ETF))

ELEVENTH: When the State considers it convenient, it shall transfer its total investments in multinational banks created by virtue of Decree Law Nº 21915 and temporary provisions thereof.

TWELFTH: *The companies shall adapt to the global limit referred to in Article 199 by December 31, 1999, at latest. To that end, as of June 30, 1997, this global limit shall not exceed eleven point five (11.5) times the effective equity.*

*The credit risk weighing factors referred to in Articles 188 to 193 and 195 shall be in force on June 30, 1997. Until such date the factors set forth in Articles 257 to 263 of Legislative Decree Nº 770 shall be applicable.***(*)**

(*) Provision repealed by Article 3 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009.

THIRTEENTH: The procedure provided for in Article 79 for the election of directors is not applicable to Municipal Savings and Credit Banks, which shall be governed by its own laws.

FOURTEENTH: Municipal Savings and Credit Banks and Municipal Popular Credit Banks shall become limited liability 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 limited liability companies.

The respective Municipal Councils are authorized, with the prior opinion of FEPMAC, to agree on the shareholding of individuals or legal entities in the corresponding Municipal Savings and Credit Banks, preferably those of similar local and foreign institutions

Moreover, the Municipal Councils are authorized to agree on the shareholding of individuals and legal entities in the corresponding Municipal Popular Credit Banks, preferably those of similar local and foreign institutions.

FIFTEENTH: The obligations issued prior to the enforcement hereof that are guaranteed by the Deposit Insurance Fund shall continue being guaranteed by it up to the date of their expiration.

Moreover, deposits made in the Municipal Popular Credit Banks of Lima before the operation hereof shall continue being excluded from the Deposit Insurance Fund.

SIXTEENTH: *The provisions of Article 136 are immediately applicable to banking and financial companies as well as to those abiding by modules 1, 2 and 3 referred to in Article 290.***(*)**

(*) Provision replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

"SIXTEENTH:

Companies of the financial system, other than banking and financial companies, which as of the date of enforcement hereof have not been rated as referred to in Article 136, may adapt to the provisions of said article up to July 31, 2010."

SEVENTEENTH: Consumption credit companies incorporated during the operation of Legislative Decree Nº 770 shall have a term of one year to adapt to the terms hereof. Until then, they shall be governed by regulations for said type of companies contained in said Legislative Decree.

EIGHTEENTH: Until the securities clearing and liquidation institutions referred to in Article 56 are created, the information referred to in said article shall be provided to the Superintendency by the institution acting as such.

NINETEENTH: Companies of the insurance system may grant financing for insurance premiums up to June 30, 2000.**(*)**

(*) In accordance with Sole Article of Law Nº 27299, published on 07-07-2000, the term referred to in the first paragraph of this Temporary Provision is extended up to June 30, 2002.

REGULATORY COMPLIANCE: ***SBS Resolution Nº 225-2006***

The accounts receivable resulting from the above-mentioned financing do not make part of the investments of the effective equity, guaranty fund or technical reserves.

"TWENTIETH:

If at the time of enforcement of the present provision the companies register excesses to the limit established in the Article 209 hereof, produced by leasing operations, they shall adjust in a period that should not extend beyond December 31, 2006, not being allowed to exceed an amount equivalent to 70% (seventy percent) of the effective equity of the company as at December 31, 2004, and not being allowed to exceed 50% (fifty percent) of the effective equity of the company as at December 31, 2005. In the event that those excesses are detected, the companies shall not increase the levels of risk in leasing operations existing up to the date of enforcement of this provision."**(*)**

(*) Provision added by Article 2 of Law Nº 28184, published on March 2, 2004.

"TWENTY-FIRST:

*If, as a result of the provisions set forth in item 8, Article 185 and Paragraph e), Article 299 hereof, the companies exceed the limits regarding their effective equity, they shall adapt to the provisions set forth in the aforesaid articles in a period that shall not go beyond December 31, 2005. However, the companies shall not increase the levels of risk existing up to the date of enforcement of this provision.***" (1)(2)**

***(1) Provision added by Article 2 of Law Nº 28184, published on March 2, 2004* .**

(2) Provision repealed by Article 3 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009.

"TWENTY-SECOND:

Companies of the insurance system should keep the amount equivalent to 35 percent (35%) of its solvency assets as a Guaranty Fund, provided the corresponding regulations are issued.**" (*)**

(*) Provision added by Article 2 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

"TWENTY-THIRD:

If a company is authorized to apply internal models for credit risks and maintains a part of its portfolio under the standardized approach, the provisions set forth in Item 3, Paragraph B, Article 184 shall be calculated according to the risk-weighted assets and contingencies of the corresponding approach.” **(*)**

(*) Provision added by Article 2 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009.

“TWENTY-FOURTH:

Companies shall have an adaptation term to gradually comply with the provisions set forth in the first paragraph of Article 199. To that end, the following adaptation schedule is approved:

TERM	EQUITY REQUIREMENT (% Total Risk-Weighted Assets)	TOTAL RISK-WEIGHTED ASSETS (Add)
Up to July, 2009	9.50%	1. Effective equity requirement for credit risk multiplied by 10.5; 2. Effective equity requirement for operational risk multiplied by 10.5; and 3. Credit risk-weighted assets and contingencies.
Up to July, 2010	9.80%	1. Effective equity requirement for market risk multiplied by 10.2; 2. Effective equity requirement for operational risk multiplied by 10.2; and 3. Credit risk-weighted assets and contingencies.
Up to July, 2011	10%	1. Effective equity requirement for market risk multiplied by 10; 2. Effective equity requirement for operational risk multiplied by 10; and 3. Credit risk-weighted assets and contingencies.”**(*)**

(*) Provision added by Article 2 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009.

REGULATORY COMPLIANCE: SBS Resolution Nº 2115-2009, Art. 3

SBS Resolution Nº 4727-2009, Art.14, item 3, Art.15, item 2 and Art.17

SBS Resolution Nº 9816-2009, Art. 2

"TWENTY-FIFTH:

The provisions set forth in Item 3 and 4 of Article 233 shall be applicable to a redeemable subordinated debt with less than five (5) and two (2) years to maturity on July 1, 2009.**" (*)**

(*) Provision added by Article 2 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of July 1, 2009.

REGULATORY COMPLIANCE: SBS Resolution Nº 4727-2009, Sole Temporary Provision

ANNEX - GLOSSARY

*	Majority Shareholders:	Those who directly or indirectly have a participation of, at least, the equivalent to one sixth of the capital stock.
*	Year:	The Gregorian year, according to the rules of Article 183 of the Civil Code.
*	Central Bank:	Central Reserve Bank of Peru.
*	Negotiable Portfolio:	All positions subject to market risks, within or outside the balance sheet, including instruments representing debts, capital, positions subject to the foreign exchange risk and positions in commodities
*	CONASEV:	National Supervisory Commission of Companies and Securities
*	COFIDE:	Corporacion Financiera de Desarrollo S.A.
*	Commodities:	Primary or basic merchandise consisting of physical products that may be exchanged in a secondary market, including precious metals, but excluding gold, which is considered 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 among 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 on the decisions of the Board of Directors, General Management or other governing bodies of the companies that make it up.
*	Mixed Conglomerate:	Set of domestic or foreign companies composed by, at least, a company that develops financial or insurance operations and others that develop non-financial operations, all of which are related among them through direct or indirect, property, control, or common administration relations or other means that allow them to have a prevailing and continuous influence on the decisions of the Board of

	Directors, General Management or other governing bodies of the companies that make it up.
* Agreement on Reciprocal Payments and Credits:	Agreement 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, which is in charge of the judicial publications in all other locations of the Republic.
* Days:	Calendar days, unless specified that they are business days.
* Companies:	Companies of the financial and insurance systems authorized to operate in the country as well as its subsidiaries, except for those rendering complementary services.
* Reinsurance Company:	Company which grants coverage to one or more insurance companies or independent properties of insurance for risks assumed in cases in which there is an important capital or when it is convenient for the latter due to their operational limits.
* Insurance Company:	Company which aims to execute contracts, whereby 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 uncertain future event.
* Fund:	Deposit Insurance Fund
* *Financial Intermediation:*	*The normal activity consisting in the collection of funds, under any modality, and their placement in form of credits or investments.***(*)**

(*) Definition replaced by Article 1 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008, the text of which reads as follows:

* **Financial Intermediation:**	The activity carried out by companies of the financial system, which consists in the collection of funds, under any modality, and their placement in form of any operations permitted by this law."
* Solvency Margin:	The marginal support that insurance companies must have to face the possible situations of technically unexpected future casualties, determined on the basis of the parameters set forth by the Superintendency.
* Month:	The calendar month, according to the rules of Article 183 of the Civil Code.
* 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 hereof, whether loan or deposit, service or investment operations.
*	Relatives:	Those having up to the second degree of consanguinity and first degree by affinity.
*	Equity Book Value	Resources of the company, constituted by the difference between assets and liabilities. It comprises the investments of shareholders or associates, additional capital (coming form 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 equity book value.
*	Life Insurance Lines:	Those covering mainly risks that may affect the insured party during his/her life. This field also comprises additional benefits that, on the basis of personal health or accidents, are included in the regular life insurance policies, insurance contracts based on a pension plan related to age or retirement of persons and those resulting form social security regimes. It does not include insurances covering mainly risks caused by accidents and diseases, which 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 with Standards of Equity	Resolution 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 carried out in exercise of the power and responsibility of safeguarding the savings of the public, conferred upon the Superintendent by Article 87 of the Political Constitution.
*	Credit Risk:	The risk that the debtor or opposing party 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 shares, commodities, among others.

"Financial Service: Any financial service including all banking, insurance and insurance-related, and other financial services, as well as all additional and auxiliary services of financial nature."**(*)**

(*) Definition added by Article 2 of Legislative Decree Nº 1028, published on June 22, 2008, effective as of December 1, 2008.

*	Financial System:	The set of companies that are duly authorized to operate in the financial intermediation. It includes 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 differ from those operating in general risks and are engaged in life insurance, as well as their subsidiaries, intermediaries and insurance auxiliaries.
*	Superintendency:	Superintendency of Banking and Insurance.
*	Superintendent:	Superintendent of Banking and Insurance.
*	Workers:	Managers, including the general manager, officials and other employees of a company in a position of personnel.

To be served to the President of the Republic for promulgation.

In Lima, this 6th day of December, 1996.

VICTOR JOY WAY ROJAS

President of the Congress of the Republic

CARLOS TORRES Y TORRES LARA

First Vice-president of the Congress of the Republic

TO THE CONSTITUTIONAL PRESIDENT OF THE REPUBLIC THEREFORE:

I order it to be published and complied with.

Given at the Government House, in Lima, this 6th day of December, 1996

ALBERTO FUJIMORI FUJIMORI

Constitutional President of the Republic

ALBERTO PANDOLFI ARBULU

President of the Council of Ministers

JORGE CAMET DICKMAN

Minister of Economy and Finance