**FINANCIAL INSTITUTIONS COMMISSION**

# PRUDENTIAL REGULATION
# FIC-PR-03

# STATISTICAL and RELATED INFORMATION

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## PART I: PRELIMINARY

1: **Short Title** – Statistical information.

2: **Authorization** – The Financial Institutions Commission (the Commission) of the Republic of Palau (Palau) is authorized to promulgate regulations under Sections 12 and 80 of the Financial Institutions Act of 2001 (the Act) as amended. Section 26 of the Act requires the Commission to collect statistical information, and Section 58 requires all banks to produce annual audited financial statements.

3: **Application** – This regulation applies to all Palau banks and the branches of foreign banks licensed by the Commission to conduct financial activities in Palau (hereafter collectively referred to as "bank").

4: **Definitions** – Terms used within this regulation are as defined in the Act, as defined within this regulation, or as reasonably implied by contextual usage.

## PART II: STATEMENT OF POLICY

1: **Purpose** – This regulation specifies the statistical and related information that a bank must submit to the Commission, the required form and frequency for such information, persons responsible for certifying the accuracy and timely submitting of the data, duties and responsibilities of the board of directors, and the confidentiality of such information.

2: **Scope** – This regulation applies to reports of statistical and financial data and external audit reports which must be submitted to the Commission by banks operating in Palau.

3: **Responsibility** – It shall be the responsibility of the board of directors to ensure that (i) a bank has internal accounting and recordkeeping systems sufficient at all times to create and maintain properly detailed records and accounts, (ii) information required by the Commission is accurate and complete, and (iii) reports required by the Commission are prepared and submitted in a timely manner. As appropriate, the board may designate a committee or person to ensure compliance with the above; however, such delegation does not relieve the board of its duty to oversee the affairs of the bank and ensure compliance with the Act and this regulation.

It shall be the responsibility of the chief executive officer and the chief financial officer (or in the case of a Palau branch of a foreign bank the branch/country manager and the branch accounting officer) to attest, on behalf of the board of directors, to the accuracy of information submitted in reports required by the Commission.

## PART III: IMPLEMENTATION AND SPECIFIC REQUIREMENTS

1: **Quarterly Reports** – all banks shall prepare and submit quarterly reports to the Commission by not later than the 30th day of the month immediately after each calendar

quarter end (Mar 31, Jun 30, Sep 30, and Dec 31). Such quarterly reports shall such contain information and be in the form as specified by the Commission. In general, the reports will require the following types of information:

1) statement of financial position (balance sheet)
2) statement of income and expenses (profit and loss)
3) supplementary schedules (detailed information on assets and liabilities)

**2:** **Annual Reports** – all banks shall prepare and submit to the Commission by not later than the 30th day of January of each year the following information:

1) for banks incorporated in Palau:
   (a) a list of all shareholders,
   (b) a list of all members of the board of directors and all administrators, and
   (c) a list of all subsidiaries, affiliates and related companies of the bank.
2) for foreign banks that operate branches in Palau:
   (a) a list of all shareholders who own 20% or more of the outstanding shares,
   (b) a list of all administrators at the branch level plus the person at the main office who is responsible for oversight of the foreign branch, and
   (c) a list of all subsidiaries, affiliates and related organizations of the branch that conduct operations in Palau.

**3:** **Audit Report** – within six months after the end of each bank's fiscal year, each bank shall cause to be produced audited financial statements prepared on a consolidated basis and shall submit to the Commission (i) the complete audit report together with the opinion of the auditor, plus (ii) the auditor's letter to management. For foreign banks that operate branches in Palau, the audit report, which is prepared on a consolidated basis, shall contain a separate balance sheet and a separate income statement that reflect the operations of the Palau branch on a stand-alone, provided such separate branch balance sheet and income statement may be internally prepared and certified by the chief financial officer of the foreign bank.

## PART IV: CORRECTIVE MEASURES

**1:** **Remedial measures and sanctions** – If a bank, or any director or administrator of a bank, violates any provision of this regulation in a willful, negligent or flagrant manner which results, or is likely to result, in an unsafe or unsound condition for the bank or that threatens the interests of depositors, creditors or the general public, or if a bank, or any director or administrator of a bank, fails to comply with the instructions and reporting requirements in this regulation, the Commission may impose any one or more of the remedial measures or penalties provided in the Act.

## PART V: EFFECTIVE DATE

1: **Effective date** – The effective date of this regulation shall be 1st September 2008.

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**Questions relating to this regulation may be addressed to the Financial Institutions Commission of the Republic of Palau.**

**Adopted** July 23, **2008**

[redacted]

**Governing Board**
**Financial Institutions Commission**
**Republic of Palau**

**Approved** July 29, **2008**

[redacted]

**Honorable President**
**Tommy E. Remengesau, Jr.**