FINANCIAL INSTITUTIONS COMMISSION

PRUDENTIAL REGULATION
FIC-PR-11

PUBLICATION and DISCLOSURE

Arrangement of Paragraphs

PART I
Preliminary

PARAGRAPH
1. Short Title
2. Authorization
3. Application
4. Definitions

PART II
Statement of Policy

PARAGRAPH
1. Purpose
2. Scope
3. Responsibility

PART III
Implementation and Specific Requirements

PARAGRAPH
1. Annual Statements
2. Submission
3. Publishing
4. Posting

PART IV
Corrective Measures

PARAGRAPH
1. Remedial Measures and Sanctions

PART V
Effective Date

PARAGRAPH
1. Effective Date

APPENDIX

PART I: PRELIMINARY

1: **Short Title** – Publication requirements.

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. In addition, Section 60 of the Act requires the Commission to call upon each bank annually to make and publish a statement of its financial condition.

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 "banks"). For purposes of this regulation, a branch of a foreign bank licensed to operate in Palau will be treated as a separate bank, and all assets and liabilities of the branch will be treated as assets and liabilities of a separate 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 timing and the form and content for information that banks must publish so that the public is able to better understand and make more informed decisions about the banks operating within Palau.

2: **Scope** – This regulation applies to statements of financial condition, i.e. the balance sheet and the income statement, that must be published by each bank licensed and operating in Palau either as a domestic bank or as a branch or subsidiary of a foreign bank.

3: **Responsibility** – It is the responsibility of the board of directors of each bank, and the branch manager and the branch accounting manager of foreign banks, operating in Palau to prepare and publicly disclose basic financial information about the condition and operations of their bank so that the public can compare banks and make more informed decisions about the choices for financial services.

PART III: IMPLEMENTATION AND SPECIFIC REQUIREMENTS

1: **Annual statements** – Each bank shall prepare annually a statement of financial condition in the form and content shown in the Appendix to this regulation.

(a) For domestic banks: the statement of financial condition shall include a balance sheet and a statement of income.

(b) For branches or subsidiaries of foreign banks: the statement of financial condition shall include a balance sheet and statement of income prepared on a consolidated basis

for the entire foreign bank, and shall also include a balance sheet and statement of income for the branch or subsidiary on a stand-alone basis.

(c) FDIC-insured banks: foreign banks operating in Palau as branches or subsidiaries and which are insured by the FDIC may prepare consolidated statements for the balance sheet and statement of income using the form required for submission to the FDIC; however, the balance sheet and income statement for the Palau branch or subsidiary on a stand-alone basis must be prepared in the form and content shown in Appendix A.

(d) As of date: the statements required in (a) and (b) above shall be prepared as of the close of business December 31st of each year and be submitted to the Commission not later than March 1st immediately following.

2: **Submission** – Each bank, and each branch or subsidiary of a foreign bank, shall submit certified copies of the statement/s required in paragraph 1 to the Commission by not later than March 1st immediately following the December 31st statement date.

3: **Publishing** – Each bank, and each branch or subsidiary of a foreign bank, shall publish the statement/s required in paragraph 1 in a newspaper of general circulation in Palau, and shall ensure that the required statements are published not later than March 1st immediately following the December 31st statement date.

4: **Posting** – Each bank, and each branch or subsidiary of a foreign bank, shall post the statement/s required in paragraph 1 in the lobby of the bank's head office in Palau and also in the lobby of any branch location in Palau. The statement/s shall be posted by not later than March 1st immediately following the December 31st statement date and shall be prominently displayed in a manner and place that is readily accessible to the public.

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.

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 29th, **2008**

[redacted]

Honorable President
Tommy E. Remengesau, Jr.