



## Superintendencia de Protección del Ahorro Bancario

### SECTION II

#### PROTECTION OF BANK SAVINGS

##### Chapter I

###### Superintendency of Bank Savings Protection

**ARTICLE 42** - Constitution, juridic nature, domicile and competence. The Superintendency of Bank Savings Protection is hereby constituted as a decentralized dependency of the Central Bank of Uruguay.

**ARTICLE 43** - Terms of reference. The Superintendency of Bank Savings Protection shall guarantee the reimbursement of deposits in Banks and financial intermediation cooperatives, under the conditions set forth in this law and its regulation.

**ARTICLE 44** - Juridic powers. In order to carry out its terms of reference the Superintendency of Bank Savings Protection may:

1. Require of financial intermediaries, be it directly or through the Superintendency of Financial Intermediation Institutions of the Central Bank of Uruguay, whatever information it deem necessary in order to comply with its terms of reference, with the periodicity and under the manner it consider necessary.
2. Administer the Deposits Collateral Fund created in conformity with Chapter II of this Section.
3. Regulate the terms and conditions in which deposit reimbursement guarantee is to be made effective in situations of crisis affecting depository financial intermediation institutions .
4. Reimburse guaranteed deposits.
5. Use the powers for share disposal of financial intermediation corporations that have not complied with plans for reorganization or net worth recovery demanded by or presented to the Central Bank of Uruguay. The disposal shall follow the bidding procedure determined by the Superintendency for reasons of good administration and respect of the principles of equality of parties interested and publicizing.
6. Propose to the Central Bank of Uruguay the issue of regulations, resolutions, specific instructions, prudence standards, penalties and any other measure within its competence deemed convenient towards achieving the targets which be common to both public institutions.

##### Chapter II

###### Collateral fund for Bank Deposits

**ARTICLE 45** - Constitution. A Bank Deposits Collateral Fund is hereby created. It shall have an independently assigned capital, no legal capacity and is to be managed by the Superintendency of Bank Savings Protection which shall exercise powers of domain without being its owner, in order to comply with the terms of reference set forth in this act.

The Fund's capital shall not be liable for the debts of the Central Bank of Uruguay nor or of its contributors and is not attachable.

Creditors of the Fund may not collect their credits against the contributors, the responsibility whereof is limited to their contributions.

**ARTICLE 46 -** Fund Resources. The Collateral fund for Bank shall be formed by the following resources:

- 1] contribution by Banks and financial intermediation cooperatives in conformity with that set forth in the subsequent articles, payment in one or several periodic consignments shall be determined by the Governing Board
- 2] The fruits or reimbursements of investments made by the Superintendency of Bank Savings Protection in compliance with terms of reference.
- 3] The produce of loans or borrowings which the Superintendency make with Fund resources entered into with a view to comply with its terms of reference or in order to obtain such resources, with national, foreign or international financing institutions.
- 4] The net earnings of the Superintendency of Bank Savings Protection during each fiscal year.

**ARTICLE 47 -** Contributions by banks and financial intermediation cooperatives. The contributions referred to in numeral [1] of the preceding article, shall be set by the Executive Authority, upon well-founded proposal by the Superintendency, between 1 o/oo [one per thousand] and 30 o/oo [thirty per thousand] of annual average deposits of the non-financial sector in each banking institution or financial intermediation cooperative covered by the guarantee, according to the rank of the various risks to which they be exposed. The Superintendency of Bank Savings Protection shall, based on well-grounded reasons, place each institution within the corresponding rank of risk exposure applying generally admitted technical criteria. The Executive Authority may exempt from contribution those institutions that present sufficient insurance or backing of other institutions or their parent company. It may also set different rates according to the currency in which the commitments are undertaken. The portions of contribution determined according to currency shall be paid in cash in the various currencies.

The Executive Authority, upon well-grounded proposal of the Superintendency of Bank Savings Protection, shall set the maximum reserve in each currency which shall be a part of the Collateral Fund. The contributions in the respective currencies shall be suspended when the Collateral fund reach the ceiling set for each and shall be renewed when they fall below the maximum.

Outlays of Fund which by their importance justify the procedure, may require that the Superintendency of Bank Savings Protection ask contributing institutions to move forward their payments according to that set forth in the regulations.

**ARTICLE 48 -** Deposits guarantee. The Executive authority, on the basis of a well-grounded proposal of the Central Bank of Uruguay, shall set the ceiling to the amounts reimbursed as per the deposit guarantee. It shall set the maximum amount per creditor person, per debtor institution or for currency due, according to whether it be national or any other currency, determining in the latter case the criteria for required arbitrages.

Maximum amounts shall only be modified when there be important changes in the economic variables considered relevant for this purpose, in new crisis situations

that may occur in the future and upon well-grounded proposal of the Superintendency of Bank Savings Protection.

**ARTICLE 49 -** Guarantee. Effectiveness. When liquidation or suspension of activities of the financial intermediary be determined, the Superintendency of Bank Savings Protection shall proceed to make operative the deposit guarantee in the conditions referred to in article 48 of this act, and shall pay the credits covered by the collateral as set forth therein.

Reception by creditors of the sums disbursed from the resources of of the Deposit Collateral Fund shall signify subrogation de jure in favour of this Fund of the rights of creditor. Resources recovered through this subrogation shall be returned to the Fund.