



BANCO CENTRAL DEL URUGUAY

ORGANIC CHARTER ORDERED TEXT

Approved by Act No. 16.696 on 30.03.1995 as amended by Acts No. 18.401 on 24.10.2008, No. 18.494 on 5.06.2009, No. 18.643 on 9.02.2010, No. 18.670 on 20.07.2010 and Act No. 18.996 on 07.11.2012

CHAPTER I

LEGAL NATURE, PURPOSES, DOMICILE, REPRESENTATION

ARTICLE 1 (Legal Nature).-The Central Bank of Uruguay created by Art. 196 of Uruguay's Constitution is a State Autonomous Entity with technical, administrative and financial autonomy in the Constitution's terms and present Organic Charter, its additions and amendments. Every time the expression "Bank" is used in this Act, it will be understood that it is the State Entity referred to in this Article.

Source: Act No. 16.696 on 30.03.1995, art.1 as written by Act No. 18.401 on 24.10.2008, art. 1.

ARTICLE 2 (Legal Entity, Domicile, Branches).- The Bank is a legal entity with all rights and obligations and it shall have its legal domicile and headquarters in the city of Montevideo. It will be authorized to open and close branches and agencies across the country, name representatives and correspondent banks in the Republic and abroad, and act as an international and foreign entities' representative or correspondent bank.

Source: Act. No. 16.696 on 30.03.1995 art.2.

ARTICLE 3 (Purposes).- The Central Bank of Uruguay will have the following main purposes:
A. To obtain price stability that contributes to achieving employment and growth goals.
B. To regulate and supervise payment and financial systems in order to promote soundness, solvency, efficiency and development.

Source: Act. No. 16.696 on 30.03.1995 art.3 as written by Act No. 18.401 on 24.10.2008 art.1.

ARTICLE 4 (Legal Powers).- The Bank is authorized to carry out all legal acts and obligations that lead to fulfill the Constitution of the Republic and law assignments.

Source: Act No. 16.696 on 30.03.1995 art. 4.

ARTICLE 5 (Representation) The Bank's and the Board of Directors' representation will be entrusted to its President, assisted by the General Secretary.

Source: Act No. 16.696 on 30.03.1995 art. 5. as written by Act No. 18.401 on 24.10.2008 art.1.

ARTICLE 6 (State Guarantee).- All the Bank's obligations will have State guarantee. The Bank is exempted of all kinds of national taxes, even those foreseen by the passing of special acts, with the exception of social security contributions.

Source: Act No. 16.696 on 30.03.1995 art.6 as written by Act No. 18.401 on 24.10.2008 art. 5.

CHAPTER II



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MAIN FUNCTIONS

ARTICLE 7 (Functions).- The Bank's functions will aim to obtain the purposes indicated in article 3.

Thus, the Bank will:

- A. Have under its exclusive responsibility the issuing of currency notes, minting coins, and withdrawal of currency notes and coins in all of the Republic. The minting of coins will be regulated by art. 85 item number 10 of the Republic's Constitution.
- B. Apply the necessary monetary instruments for currency exchange and credit, for the fulfillment of the purposes determined in art. 3.
- C. Act as an economic advisor, banker, and financial representative of the Government.
- D. Manage the State's international reserves.
- E. Act as a banker for financial intermediation institutions.
- F. Represent the Republic's Government before international financial institutions and execute the financial transactions related with the State's participation in these organizations.
- G. Pass the regulations and oversee compliance of these rules by the public and private institutions operating in the financial system. For this purpose, it can authorize or prohibit, entirely or in part, operations in general or in particular, and also establish norms, for prudence, good management and working methods in addition to informing, in the case of public entities, the Executive Branch on these issues.
- H. Foster education, and economic and financial culture development.

Source: Act No. 16.696 on 30.03.1995, art. 7.

Source Paragraph H): Act No. 18.996 on 7.11.2012, art.334

CHAPTER III

CAPITAL, EARNINGS AND RESERVES

ARTICLE 8 (Capital).- The Bank's capital is 5.000.000.000 UI (five billion indexed units).- The difference between this amount and the Institution's net worth, according to its balance sheet at the time of the entry into force of this Act will be provided by the Executive Branch. By unanimous decision of the Bank's Board of Directors and previous authorization of the Executive Branch, the reserves referred to in the article that follows may be incorporated to the capital.

In case the Bank's net worth should fall below the above mentioned amount, the Executive Branch will capitalize the Bank according to a capitalization plan that will be presented to the Parliament before the beginning of the next fiscal year.

Source: Act No. 16.696 on 30.03.1995, art.8 written as Act. No. 18.401 on 24.10.2008, art.1 and Act No. 18.670 on 20.07.2010 art.2.



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ARTICLE 9 (Reserve).- At the end of the fiscal year the net earnings will be quantified. After the year's end the net earnings coming from the foreign currency's active and passive values, gold and special drawing rights or other baskets of currencies coming from the unit of account quotations, in which they are nominated, will be appointed to create a special reserve, that will not exceed the concurrent amount with the net earnings of the fiscal year.

The remaining net earnings, once the previous sub paragraph provision is fulfilled, will be used to:

1. Cover accumulated deficits from previous fiscal years.
2. Increase reserves up to the equivalent of 25% (twenty five per cent) of the end of fiscal year net earnings. The remaining net earnings will be credited to the Executive Branch National Treasury, before compensating the unpaid credits that the latter keeps with the Bank.

Source: Act No. 16.696 on 30.03.1995, art. 9 written as Act No. 18.401 on 24.10.2008, art.5.

CHAPTER IV

GOVERNANCE, ADMINISTRATION AND CONTROL

ARTICLE 10 (Board of Directors).- The Bank's governance and management are the responsibility of a Board of Directors, who is responsible for the Bank's general administration and policies.

Its duties are:

- A. To exercise the functions and to fulfill the duties mandated to the Bank.
- B. To plan a salary, expenses and investment budget according to the Republic's Constitution, art.221.
- C. To plan the Bank's employee statutory norms according to the Constitution of the Republic art.63.
- D. D) To appoint, promote, transfer, sanction and remove staff, in compliance with statutory guarantees and norms, and to hire staff when needed.
- E. To approve orders, resolutions and rules to put into effect the provisions of this Act and ensure the normal and regular Bank's operations.
- F. To delegate functions by unanimous decision of its members, and to review and address by simple majority delegated issues.

Source: Act No. 16.696 on 30.03.1995, art.12.

Source Paragraph C) Source: Act No. 16.696 on 30.03.1995, art. 12 paragraph C) as written in Act No. 18.401 on 24.10.2008, art.5.

ARTICLE 11 (Regulation).- The Bank's administrative function will be governed by the General Regulations which will be passed by the Board of Directors and it will include all issues referring to the entity's administrative organization and its functions, as well as the duties and responsibilities of the top executive staff and administrative divisions not specified in this act.

Source: Act No. 16.696 on 30.03.1995, art.13, as written by Act No. 18.401 on 24.10.2008, art.5.



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ARTICLE 12 (Membership of the Board of Directors).-The Board of Directors will be comprised of three members appointed according to the Constitution of the Republic, article 187, among citizens, who by their personal characteristics, professionalism and expertise, ensure independency of judgment, efficiency, objectivity, and impartiality in their performance.

Source: Act No. 16.696 on 30.03.1995, art.14, as written by Act No. 18.670 on 20.07.2010, art.1.

ARTICLE 13 (President of the Board of Directors) The President will be in charge of executing and complying with the Board of Directors resolutions, reporting to the Board.

Its duties and functions are the following, among others:

- A. To convoke and preside the Board of Directors meetings and inform of all issues that may be in the entity's interest.
- B. To act, arrange and sign instruments and documents on the Bank's behalf according to Art. 5 and submit these to the Board of Directors for approval.
- C. To adopt the administrative resolutions and approve the required rules for the good performance and internal order of the Bank.
- D. To carry out the necessary actions and arrangements to ensure the efficiency and continuity of the Bank.
- E. To sign the annual balance sheet after the Board of Directors approval and to submit it to the Court of Auditors for its authorization according to art. 191 of the Constitution of the Republic for its publication within 120 (one hundred and twenty) calendar days from the fiscal year-end.

Source: Act No. 16.696 on 30.03.1995, art. 15.

Source Paragraph E): Act No. 16.696 on 30.03.1995 paragraph E), as written by Act No. 18.401 on 24.10.2008, art. 5.

ARTICLE 14 (Vice President).- In case of the President's absence or incapacity, or if the position remains vacant, the Vice-president will temporarily carry out the duties and functions.

Source: Act No. 16.696 on 30.03.1995, art.16

ARTICLE 15 (Incompatibilities).- The members of the Board of Directors will dedicate their entire professional activity to the Bank, and while holding their positions will not be able to indulge any other commercial, industrial, agricultural or financial activity, nor work in other professions or be employed elsewhere, in a paid or non-paid position, but they may:

- a. Be members of committees appointed by the Executive Branch.
- b. Be appointed governors, directors or members of any international financial entity set up on the basis of an agreement or convention in which the Republic has given its support or approval.
- c. Teach part time in educational institutions.

Source: Act No. 16.696 on 30.03.1995, art.17



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ARTICLE 16 (Directors Salaries).- The salaries of the members of the Board of Directors will be established in the Bank's budget, according to the special characteristics of the Central Bank's duties, and will be in compliance with the terms and conditions proposed by the Board of Directors and approved by the Executive Branch.

Source: Act No. 16.696 on 30.03.1995, art. 18

ARTICLE 17 (Ineligibilities) The following are not eligible to be appointed members of the Board of Directors nor can they remain in such position:

- A. People who are not natural citizens or those who have not for at least five years, exercised their legal citizenship.
- B. People under twenty five years of age.
- C. People who are under bankruptcy or in an arrangement with their creditors, or who were directors or administrators of corporations that filed for bankruptcy, liquidation or arrangement with their creditors, if they were found guilty of committing fraud or concealing information.
- D. People who have run into verified or notorious irregularities in the financial system.
- E. People who have been condemned for offenses that may have connection with civil service.
- F. People who at the time of their appointment are owners, shareholders, directors, partners, administrators or employees of any of the Bank's regulated entities.

Source: Act No. 16.696 on 30.03.1995, art. 19, as written by Act No. 18.401 on 24.10.2008, art. 1.

ARTICLE 18 (Statement of interests).- If a member of the Board of Directors has personal interests in matters under consideration of the Board, then the member must communicate this to the Board without exceptions and this will prohibit the member from intervening or voting in agreements and resolutions related to those interests adopted by the Board of Directors. Nevertheless, members who communicated those interests to the Board of Directors are not inhibited for quorum constitution purposes.

The statement referred to in the former subparagraph will be delivered at the beginning of the Board of Directors meeting when these matters will be submitted for consideration or resolution.

Source: Act No. 16.696 on 30.03.1995, art. 20.

ARTICLE 19 (Responsibilities).- Without prejudice of what is mandated in Article 24 of the Constitution of the Republic, the Board of Directors members are personally and jointly responsible for all the decisions adopted against the Constitution, laws or regulations. The following are exempted from this responsibility:

- A. Members that state in record their reasons for dissent with the adopted decision.
- B. Members not present during the session in which the decision was adopted, if the member files for the record a statement of their dissent in the first possible opportunity.

In both cases the Bank's General Secretary will send the testimony of the corresponding minutes to the Executive Branch.

Source: Act No. 16.696 on 30.03.1995, art. 21



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ARTICLE 20 (Secrecy and confidentiality).-When performing financial activities, the Bank is obliged to keep secrecy according to art.25 Decree-Act No. 15.322 on 17.09.1982. In every other matter, the Board of Directors members must adjust the disclosure of their opinions and information to the confidential issues of the Bank, without prejudice of its public intrinsic transparency responsibilities

Source: Act No. 16.696 on 30.03.1995, art. 22

ARTICLE 21 (Secrecy Obligation).- The Bank's officials must keep strict secrecy and utmost confidentiality on banking matters that come to their knowledge when performing their duties or on occasion of performing their duties, under the most severe penal, civil and administrative responsibility if that were the case (Act 25 "in fine" Decree-Act No. 15.322, on 17.09.1982, and art.163 of the Penal Code.

Source: Act 16.696 on 30.03.1995, art. 23

ARTICLE 22 (Internal Audit-General Inspection).- The Board of Directors will appoint an Internal Auditor-General Inspector who will report to this Board and will identify objectives and independent activities to advise, provide security and added value to the Bank's operations. The General Inspector will work to continue improving the management processes, reduce administration risks, and maintain the internal control systems. The General Inspector will also be in charge of:

- A. Analyzing and assessing the Bank's operations, procedures, activities and systems as well as its consistency with the entity's policies and with the legal framework.
- B. Examining and evaluating the financial statements' integrity and reliability, the budget, the budgetary execution statement sent by the Board of Directors, and advising on these matters.
- C. Monitoring compliance with the law and applicable regulations.
- D. Verifying the existence and protection of the Bank's assets.
- E. Performing the administrative procedures and research established within the scope of the Bank.
- F. Pointing out to the Board of Directors every matter that, to the best of the Inspector's knowledge, should be considered, and giving advice on any issue that the Board of Directors may require.

Source: Act No. 16.696 on 30.03.1995, art. 24, as written by Act No. 18.401 on 24.10.2008, art.5.

ARTICLE 23 (Payments and Expenses Control).- The Bank shall be subject to constitutional review by the Court of Auditors pursuant to Article 211 and subsequent, of the Constitution of the Republic.

Source: Act No. 16.696 on 30.03.1995, art. 11, located within the Chapter in Act No. 18.401 on 24.10.2008 Art. 60.

CHAPTER V



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RESERVE ADMINISTRATION AND MONETARY POLICY

ARTICLE 24 (Money and currency market).- The Bank will regulate the currency and money market.

Source: Act No. 16.696 on 30.03.1995, art.25, as written by Act No. 18.401 on 24.10.2008, art. 5.

ARTICLE 25 (Legal course and legal tender).- The banknotes issued and coins minted by the Bank shall be legal tender throughout the national territory. These banknote payments will be for all kind of obligations in national currency and without any limits. The Bank will determine the maximum amount for the minted coins to serve as legal tender.

Source: Act No. 16.696 on 30.03.1995, art. 26

ARTICLE 26 (Other Monetary Policy Instruments).- According to the purposes stated in abovementioned article 3 the Bank must execute the monetary policy for which it may:

- A. Carry out open market operations in public offering securities whether private or public.
- B. Establish the minimum cash reserves that banks and other deposit taking entities must keep within the Central Bank in relation to their deposits and other similar obligations, in foreign and national currency, as well as the assets that are part of them and other relevant conditions.
- C. Buy and sell foreign currency, precious metals and other external financial assets.
- D. Apply systems of discount, rediscount, advance payments, repos and inverted repos, as well as every financial instrument that leads to the fulfillment of the abovementioned purposes.

Source: Act No. 16.696 on 30.03.1995, art.27, as written by Act No. 18.401 on 24.10.2008, art.5.

ARTICLE 27 (Banking services on behalf and by order of).- Either in its own name or on behalf and by order of the Executive Branch, the Bank may conclude compensation and payment agreements or any other type of contract with similar aims or related to private or public entities that render these services.

Source: Act No. 16.696 on 30.03.1995, art.29

ARTICLE 28 (Bank's International Reserves).- The Bank will determine the adequate level and will manage the external reserve assets as defined by international practices for this purpose. Thereto, the Bank will take due account of the risk, the liquidity, and the various assets profitability. The Bank may collect a tariff in case of managing the external reserve assets on behalf of other private or public entities.

Source: Act No. 16.696 on 30.03.1995, art.30, as written by Act No. 18.401 on 24.10.2008, art.5.

ARTICLE 29 (Level of Reserve Assets).- If international reserves decrease, or if the Board of Directors considers that their decrease is imminent up to the point in which they are inadequate for Uruguayan international transactions, the Bank will immediately inform the Executive Branch



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about the reserves position and the causes that may have or could in the future motivate this fall and provide advice and possible solutions to this situation.

Source: Act No. 16.696 on 30.03.1995, art. 31, as written by Act No. 18.401 on 24.10.2008, art.5.

ARTICLE 30 (External Commitments Inventory).-The Bank will keep an updated inventory of all the external financial obligations, assumed or guaranteed by the State. Likewise it will gather data on the external loans to private persons or public entities residing in national territory.

Source: Act No. 16.696 on 30.03.1995, art.32, as written by Act No. 18.401, art. 5.

ARTICLE 31 (Monetary Policy Committee).- Within the Bank there will be a Monetary Policy Committee which will be comprised of the three Board of Directors members and three other executives appointed by the Board of Directors because of their specific work in monetary matters.

Committee duties will be:

- A. To give advice to the Board of Directors on monetary policy guidelines and parameters.
- B. To monitor and evaluate the monetary market, the macroeconomic situation in the short term and the financial program.

Source: Act No. 16.696 on 30.03.1995, art. 33, as written by Act No. 18.401 on 24.10.2008, art.5. and Act No. 18.670 on 20.07.2010, art.4.

CHAPTER VI

LENDER OF LAST RESORT

Source: Act No. 18.401 on 24.10.2008, art.6

ARTICLE 32 (Loans of Last Resort).- The Bank is the lender of last resort of financial intermediation institutions, and in extreme cases may act as such. As such it may buy, discount, rediscount or make secured loans on the basis of letters of credit, coupons, promissory notes issued or delivered with commercial, industrial or agricultural purposes maturing within 180 (one hundred eighty) days including two or more authorized signatures, of which at least one is that of a financial intermediary.

The terms and conditions of these transactions will be determined by the unanimous vote of the Board members, and shall not exceed 90 (ninety) days in the case of secured loans. In all cases the assisted institution must present personal guarantees or proof of solvency; such transactions cannot exceed one and half times the amount of its net assets.

For a loan with these characteristics to be considered, the Board must have received reports from the Superintendency of Financial Services and the Bank Savings Protection Corporation. The latter may, with due justification, request the Bank's Board to limit the loan to percentages below the previously established limit.

Source: Act No. 16.696 on 30.03.1995, art. 34 (replaces arts. 36 and 37), as written by Act No. 18.401 on 24.10.2008, art. 7. and Act No. 18.670 on 20.07.2010, art. 5.

CHAPTER VII



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SUPERINTENDENCY OF FINANCIAL SERVICES

Source: Act No. 18.401 on 24.10.2008, art 8.

ARTICLE 33 (Organization and Functioning of the Supervision).- There will be a Financial Services Superintendency headed by a Superintendent who has adequate professional training, standing, and technical expertise, and shall hold office for an eight year term and his appointment or removal, as the case may be, is decided by the unanimous vote of the Board of Directors. This Superintendency reports to the Board of the Central Bank but has technical and operational autonomy.

However, the Bank's Board may remove from the superintendency at any time the issuance of general rules governing the financial system referred to in subparagraph A) of Article 38, and the approval of plans for equity recomposition or adjustment submitted by the supervised entities referred to in subparagraph G) of Article 38, and may revoke and modify administrative acts issued by the Superintendency in the exercise of its competence conferred upon it by these subparagraphs.

The Superintendency will establish the functional organization of its services and shall provide the Board of Directors with its recommendations regarding new staff that has previously been selected, and also to decide on the internal position according to the Bank's employee statutory and budget norms. Likewise, it may delegate functions to direct staff through justified resolutions, and may withdraw at any time the issues that were delegated.

Source: Act No. 16.696 on 30.03.1995, art. 36, as written by Act No. 18.401 on 24.10.2008, art. 9., and by Act No. 18.670 on 20.07.2010, art. 6.

ARTICLE 34 (Supervised Entities).-Through the Financial Service Superintendency, the Bank will perform the regulation and supervision of financial system entities, whatever their legal nature may be and whether they are legal persons or not.

To that effect, the following are defined as financial system entities:

- A. Entities which comprise the financial intermediation system.
- B. Entities which render financial services, transfers whether domestic or international, payment and debt collection services, safety boxes, loans and others of similar nature (excluding activities which are exclusive of financial intermediation entities). These entities may only finance themselves on their own resources or on credits granted by:
 - a. Individuals who are directors or shareholders of these entities according to the definition established by the Financial Services Superintendency.
 - b. Foreign or national financial intermediation entities.
 - c. International credit or development promotion organizations.
 - d. Foreign pension funds or investment funds subject to a regulatory authority, in which credits granted to each entity referred to hereby do not represent more than a percentage of the fund's investments to be determined by the regulation of the Superintendency of Financial Services.
 - e. Every other legal entity in the financial sector, financial trust, property subject to encumbrance of similar nature, that meeting the requirements mentioned in preceding paragraph d) is authorized by the Financial Services Superintendency to that purpose who will have a time period of sixty days to render its decision. In case this time period lapses without the expressed authorization being rendered, the operation will be considered as authorized. The preceding time period will be suspended if the Financial Services Superintendency should require additional



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information, and once it is submitted, the deadline will be put into effect once again.

- f. The entities included in this paragraph that perform credit activities are allowed to act as a counterpart in the operations defined by paragraph F art. 123 Act No.16.713 on September 03,1995.
- C. Exchange Houses that may carry out exchange and related activities, domestic transfers, sell traveler's checks and collection and payment services.
- D. Pension Fund Administrators and the Funds managed by them.
- E. Insurance and Reinsurance Companies.
- F. The stock exchanges, securities brokers and custodians or clearing and settlement of securities entities.
- G. Investment Funds Administrators, professional trustees, investment funds and financial trusts publicly offered.

The Financial Services Superintendency will also regulate and control the issuers of public offer in accordance with the provisions of Act No. 16.749, of May 2, 1996.

The Superintendency of Financial Services shall also regulate and monitor the activities of those entities not included in the above statement that:

- I. Make financial placements and investments with their own resources or with credits granted by the following third parties:
 - a. Individuals who are directors or shareholders of these entities according to the definition established by the Financial Services Superintendency.
 - b. Foreign or national financial intermediation entities.
 - c. International credit or development promotion agencies.
 - d. Foreign pension funds or investment funds subject to a regulating authority, in which the credits granted to each entity to which this paragraph refers, do not represent more than a percentage of the fund's investments that the Financial Services SuperIntendency shall determine.
 - e. Every other legal entity in the financial sector, financial trust, property subject to encumbrance of similar nature, that meeting the requirements mentioned in preceding paragraph d) is authorized by the Financial Services Superintendency to that purpose who will have a time period of sixty days to render its decision. In case this time period lapses without the expressed authorization being rendered, the operation will be considered as authorized. The preceding time period will be suspended if the Financial Services Superintendency should require additional information, and once it is submitted, the deadline will continue.

The entities included in this paragraph are allowed to act as a counterpart in the operations defined by paragraph F art. 123 Act No.16.713 of September 03,1995.

- II. Only bring together or advise parties in transactions of financial nature without assuming any obligation or risk.
- III. Provide fund transfer fund services.
- IV. Individuals of Legal entities included under art.20 Act No. 17.835 of September 23, 2004.



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- V. Provide auxiliary services to the financial system such as external auditing, risk rating and data processing.

The regulation and control of the entities included in paragraphs I) and II) above shall be limited to providing adequate information to consumers, ensure the protection of consumers from abusive practices and prevention on money laundering and terrorist financing.

The regulation and supervision of activities of the entities included in paragraphs III) and IV) above shall be limited to the prevention of money laundering and terrorist financing. The regulation and control of the entities included in Section V) above shall be carried out when such entities perform work for supervised entities.

The provisions of this Article are without prejudice to the norms established for capitalization savings and credit cooperatives in paragraph 3) of Article 165 of Act No. 18.407 of October 24, 2008. The extensions to the sources of financing that the Internal Audit Office could have under that rule, require prior and favorable opinion of the Central Bank of Uruguay.

The Superintendency of Financial Services will determine the inclusion in the regulation and control regime referred to in Section I) fourth paragraph of this Article, of consumer cooperatives, civil associations and other non-financial legal entities that habitually and professionally issue purchase orders, when the relative importance of such activity within the set of activities that make up the business of the company or institution justifies it, according to the Superintendency.

The provisions of the preceding paragraph regarding consumer cooperatives defined in Act No. 18.407, of October 24, 2008, does not change the current practice of contribution to social security bodies as appropriate.

Source: Law No. 16.696 on 30.03.1995, art. 37, as written in Act 18.401 on 24.10.2008, art. 9.

Source paragraph B): Act No. 18.643 on February 9, 2010, art. 1

Source paragraph I): Act No. 18.643 on February 9, 2010, art. 2

Source of the final three subsections: Act No. 18.643 on February 9, 2010, art. 3.

CHAPTER VIII

UNIFIED SUPERVISION RULES

Source: Act N° 18.401 on 24.10.2008, art. 12.

ARTICLE 35 (Superintendency duties and powers) The Financial Services Superintendency shall have, in respect of supervised entities, all the powers that the current legislation and this law confer according to the activity.

In particular, it is the duty of the Superintendency of Financial Services to:

- A. Issue general rules of prudence and specific instructions, aimed at promoting stability, solvency, transparency and orderly and competitive functioning of the supervised institutions and the markets where they operate, as well as for financial services consumer protection and prevention and control of money laundering and terrorist financing.
- B. Authorize upon approval by the Executive Power the establishment of supervised entities referred to in paragraphs A, D and E of subsection 1 of the previous article.



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- C. Grant permission to operate to the supervised entities referred to in paragraphs B, C and F of subsection 1 of the former article, according to legality, opportunity and convenience reasons, revoke said permits in case of serious infringements, and regulate their functioning.
- D. Authorize the opening of branches/offices of already established supervised entities.
- E. Give opinions or decide, as appropriate, on mergers, acquisitions and any other transformation of supervised entities, taking into account the Bank Savings Protection Corporation's opinion with regard to those entities who contribute to the fund managed by it.
- F. Authorize the issuance and transfer of shares of supervised entities, organized as corporations taking into account the Bank Savings Protection Corporation's opinion with regard to those entities who contribute to the fund managed by it.
- G. Approve plans for net worth restructuring or adjustments filed by the supervised entities, taking into account the Bank Savings Protection Corporation's opinion with regard to those entities who contribute to the fund managed by it.
- H. Require from the supervised entities to provide information and to disclose records and documents with the periodicity and in the form it deems necessary.
- I. Determine the accounting report regime to which supervised entities shall be subject.
- J. Regulate the periodic publication of financial statements and other information of supervised entities.
- K. Periodically evaluate the economic and financial situation of the supervised entities, the permanent compliance with obligatory rules, and the quality of the management of these entities.
- L. Apply to the supervised entities sanctions which may be observations, warnings and fines up to 10% (ten per cent) of the Banks' basic net worth responsibilities in case they infringe the laws and decrees which govern their activities and the general rules or specific instructions given thereon.
- M. Propose to the Board of Directors the application of more serious monetary sanctions or other measures, such as the intervention, suspension of activities or to revoke the operating licenses of the supervised entities in case they infringe the laws and decrees which govern their activities and the general rules or specific instruction given thereon. It may also recommend to the Central Bank's Board of Directors to pursue before the Executive Branch the revoking of operating licenses when appropriate.
- N. Conduct preliminary investigations for senior personnel of any of the supervised entities and propose to the Board of Directors the adoption of sanctions that may apply in case of infringement of the law with the powers included in article 23 of the Decree-Act 15.322 of September 17, 1982 and its amendments.
- O. Grant "no objection" for the appointment of senior personnel of any of the supervised entities in cases established by the regulations issued in response to the functional hierarchy of the individuals concerned.
- P. Require the supervised entities to restructure their organization and relocate or replace its senior personnel and modifications to the structure and composition of its share capital.



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- Q. Exercise control on the supervised entities, taking into account their operations in the country and abroad.
- R. Keep records as established by law and approve other records if it deems necessary for the adequate functioning of the financial system, authorizing the registration of those who meet the relevant requirements and ordering cancellations when appropriate at the completion of objectives or when laws and decrees governing their activity or general rules or specific instructions issued in regard to it are infringed.
- S. Establish an understanding with the Bank Savings Protection Corporation to coordinate actions aimed at the efficient operation of the financial system and full implementation of the objectives they have in common.
- T. Disseminate information about individuals, businesses, and institutions contained in its records, which in no case will involve disclosing information regarding funds and assets which are deposited in the national financial system or held by the supervised entities nor with regards to the affidavits submitted by the shareholders, directors and senior personnel of the supervised entities.
- U. Sign cooperation agreements with international financial institutions or supervisory agencies of foreign countries as provided therein.
- V. Carry out the activities assigned to the Bank in order to combat the offenses of money laundering and terrorist financing under current rules.
- W. Address the claims of consumers of supervised entities.

Source: Act 16.696 of 30.03.1995, art. 38, as written in Act No. 18.401 of 24.10.2008, art. 11.

ARTICLE 36 (Financial Information and Analysis Unit).- This Unit shall perform under the Financial Services Superintendency and will:

- A. Receive, request, analyze and transmit to the competent Court of Justice, when appropriate, information on financial transactions and other information deemed useful in order to prevent money laundering and terrorist financing offenses under current regulations.
- B. Request international cooperation through the competent bodies in each case and in accordance with current laws.
- C. Provide advice on training programs referred to in article 74 of Decree-Act No. 14.294 of 31.10.1974, incorporated by Act No. 17.016 of 22.10.1998 and similar rules.
- D. Propose the enactment of general rules or specific instructions within the scope of its powers.
- E. Execute the responsibilities established by Act No. 17.835 on 23.09.2004, those allocated by the Superintendency, and all the others established by applicable regulations.

Source: Act No. 18.401 on 24.10.2008, art.10

Source of Paragraph A) Act No. 18.401 on 24.10.2008, art. 10 as written by Act No. 18.494 on 05.06.2009, art. 12.

ARTICLE 37 (Planning of Activities).- The Superintendency must request approval from the Board of Directors on the following:



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- A. Policies and criteria that will apply within its competences.
- B. An annual work plan that will guide its actions, including the assessment on last year's work plan, for which it is accountable.

Source: Act No. 16.696 on 30.03.1995, art. 39, as written by Act No. 18.401 on 24.10.2008, art. 11.

ARTICLE 38 (SuperIntendency's Annual Report and Activity Plan).- The SuperIntendency shall publish, at least annually, one Annual Report and Activity Plan that will include:

- A. A financial system situation analysis.
- B. An assessment on the activities carried out according to pre-established goals.
- C. A supervision and regulation policy.
- D. An annual plan that includes goals and activities for next year.

Source: Act No. 16.696 on 30.03.1995, art. 40 as written by Act No. 18.401 on 24.10.2008, art. 11.

ARTICLE 39 (Supervision and Regulation Committee).- Within the Bank, there will be a Supervision and Regulation Committee comprised of two Board of Directors members, the Financial Services Superintendent, and two other executives appointed by the Board of Directors.

The Committee's functions will be:

- A. To provide the advice that the Board of Directors requires to adopt the appropriate decisions in supervision and regulation matters.
- B. To analyze and advise the Board of Directors on the planning and policies proposals prepared by the Financial Services SuperIntendency.
- C. To monitor implementation of policies and the development of the approved work plan.
- D. To provide opinion on the Annual Report and Activities.

Source: Act No. 16.696 on 30.03.1995, art. 41, as written by Act No. 18.401 on 24.10.2008, art.11

CHAPTER IX

RELATIONSHIP WITH THE EXECUTIVE BRANCH AND THE LEGISLATIVE BRANCH

Source: Act No. 18.401 on 24.10.2008, art. 3.

ARTICLE 40. (Advice).-The Bank will give advice to the Executive Branch in all matters related with the Entity's purposes and competences.

Source: Act No. 16.696 on 30.03.1995, art. 42

ARTICLE 41 (Macroeconomic Coordination Committee).- There will be a Macroeconomic Coordination Committee which will be comprised of the Minister of Finance and Economy and two other executives of his party and appointed by him and by the three members of the Central Bank's Board of Directors.



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The Committee's duties will be:

- A. To share information related to the central bank's competences and general economic policies.
- B. To establish price stability aims to which the Bank commits and the general currency exchange system. If there is no agreement between the Bank's representatives and the Ministry, the Executive Branch will take the final resolution.

Source: Act No. 18.401 on 24.10.2008, art. 2. as written by Act No. 18.670 on 20.07.2010, art. 3.

ARTICLE 42 (Monetary Policy Report).- The Bank will publish, at least every three months, a Monetary Policy Report, when the Monetary Policy Committee meets and it will include:

- A. An inflation analysis.
- B. The instrumental aims and basis of its monetary policy within the planning horizon.
- C. A macroeconomic context analysis, including growth and employment, and a risk analysis of the context in which it develops.
- D. a monetary management assessment of the previous period according to the achieved and projected aims.

Source: Act No. 16.696 on 30.03.1995, art. 43, as written by Act No. 18.401 on 24.10.2008, art.5.

ARTICLE 43 (Other Economic Reports).- The Bank will inform the Executive Branch, in detail, of all circumstance, factor or situation within its knowledge, that can seriously affect the national economy and will at the same time propose appropriate corrective measures thereon.

Source: Act No. 16.696 on 30.03.1995, art. 44

ARTICLE 44 (Provision of Information).- The Executive Branch, State Entities, Decentralized Services and Departmental Governments, must provide all the financial and economic documentation and information, that reasonably is requested by the Bank to fulfill all its duties and functions. The other State Powers and public administration bodies and public entities will collaborate in relation to the information requests reasonably made by the Bank.

Source: Act No. 16.696 on 30.03.1995, art.46

ARTICLE 45 (Limit on Public Securities).- The Bank will only give loans to the Executive Branch or to any public legal entity through purchase, on its own account, of public issuing securities. The annual purchase of these securities on behalf of the Bank will not exceed 10% (ten per cent) of the National Budget expenditures that effectively were carried out in the previous fiscal year, nor may they exceed the holding of such securities at any time. For the sole purpose of its calculation, securities will be calculated at their face value, and regarding the maximum, the Public Debt's expenses will be included (Subsection 30- Amortization of Public Debt).

Source: Act No. 16.696 on 30.03.1995, art.47, as written by Act No. 18.401 on 24.10.2008, art. 5.

ARTICLE 46 (Report to the Legislative Branch).- Every 1st of March the Bank's Board of Directors will present a written report to the General Assembly, that can be broadened orally, informing of



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its work, including a list of the activities performed in the previous year, an evaluation on the obtained results regarding the pursued purposes, and the plans for the current year.

Source: Act No. 16.696 on 30.03.1995, art.48, as written by Act. No. 18.401 on 24.10.2008, art. 4.

ARTICLE 47 (Prohibition).-The Bank will only, directly or indirectly, purchase public securities or grant advanced payments to the Executive Branch, or advanced payments or credit services to any of the public legal entities, including when appropriate the Departmental Governments according to the present provisions of this Act.

Source: Act No. 16.696 on 30.03.1995, art. 49

ARTICLE 48 (Loans and Public Debt Management).-The Bank, according to the Executive Branch's terms and conditions, shall be in charge of issuing and managing public securities with State guarantee, and in this regard, it can directly negotiate with the public. The Bank will perform the management functions of external and internal Public Debt, Treasury Notes and Bonds and international loans.

Source: Act No. 16.696 on 30.03.1995, art.50



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CHAPTER X

FINANCIAL STATEMENTS AND ACCOUNTS

ARTICLE 49 (Fiscal year).- The Bank's fiscal year will match with the calendar year.

Source: Act No. 16.696 on 30.03.1995, art. 51

ARTICLE 50 (Budget presentation).-The President of the Bank will submit the draft budget for the following fiscal year to the consideration of the Board of Directors by June the 30th at the latest. After the approval of the Board of Directors, the Bank will submit the draft budget to the Executive Branch and to the Court of Auditors, according to Art. 221 of the Constitution of the Republic.

Source: Act No. 16.696 on 30.03.1995, art. 52

ARTICLE 51 (Annual Financial Statements).- The Bank will submit to the Executive Branch the balance sheet at the close of each fiscal year and the income statements corresponding to that financial period, within the first three months of the following year prepared according to technical criteria appropriate to the nature of the Central Bank and with an external auditors report. The abovementioned financial statements will be published, according to art.191 of the Constitution of the Republic once they are informed to the Executive Branch and approved by the Court of Auditors.

Source: Act No. 16.696 on 30.03.1995, art. 53, as written by Act No. 18.401 on 24.10.2008, art.5.

ARTICLE 52 (Publication of the Central Bank of Uruguay's Financial Statements). It is understood that the publication of the financial statements as established by Act No. 17.040, on 20.11.1998, is not applicable to the Central Bank of Uruguay, which will be governed by art. 191 of the Constitution of the Republic and art. 53 of Act No. 16.696, on 30.03.1995, with the amendments made by the current Act.

Source: Act. No. 18.401 on 24.10.2008, art. 56

ARTICLE 53 (Monthly monetary balance sheet).- The Bank will prepare the monetary balance sheet at each month-end, will present it to the Executive Branch, and will disseminate this information as soon as possible through the most suitable ways.

Source: Act. No. 16.696 on 30.03.1995, art.54



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CHAPTER XI GENERAL PROVISIONS

ARTICLE 54 (Issuance of securities, commissions and interest) .- The Bank will also be entitled to:

- A. Issue securities on its own name and behalf.
- B. Establish and collect commissions for providing services.
- C. Charge interests for granted loans.

Source: Act No. 16.696 on 30.03.1995, art.55

ARTICLE 55 (Information for Statistics).- In compliance with the current Act, and in exercise of the duties and functions conferred by it, the Bank may request as compulsory and for statistic purposes, from any individual or legal person, private or public, all the information needed to duly fulfill its duties and roles. This information will be protected by administrative secrecy and will be strictly confidential. The Bank may impose fines to every person or entity that does not present the legally required information, or if the information is presented in an inexact or incomplete way. The fine's amount will vary from 10.000 UI (ten thousand indexed units) to 20.000 UI (twenty thousand indexed units) in case of legal entities, and 4.000 UI (four thousand indexed units) in case of individuals. The fine's payment does not exempt from the obligation of presenting the required information.

Source: Act No. 16.696. on 30.03.1995, art.57

Source Subsection 2: Act No. 16.696 on 30.03.1995, art. 57, as written by Act No. 18.401 on 24.10.2008, art.5.

CHAPTER XII SPECIAL AND TRANSITIONAL PROVISION

ARTICLE 56 (Balance Sheet).- The Bank will prepare its balance sheet as of the last day of the month of the current Act 's effective date, approved by the Court of Auditors, to determine the Institution's net worth on that date.

Source: Act No. 16.696 on 30.03.1995, art. 58, as written by Act No. 18.401 on 24.10.2008, art.5.

CHAPTER XIII REPEALS AND AMENDMENTS

ARTICLE 57 (References).- References made by norms preceding this Act of Financial Intermediation Entities Superintendency and the Reinsurance and Insurance Superintendency, shall be understood as made to the Financial Services Superintendency created by this Act.

Source: Act No. 18.401 on 24.10.2008, art.57



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ARTICLE 58 (Amendments).- The competence conferred by art. 14 of Act No. 15.611, on 10.08.1984, to the Central Bank of Uruguay is removed. The central bank's regulation, control and sanctioning powers stated in Act No. 16.749, on 30.05.1996, will not be limited by the exercise of powers corresponding to Stock Exchanges.

Source: Act No. 18.401 on 24.10.2008, art.59

ARTICLE 59 (Repeals).- Arts. 10, 28, 45, 56, and 59 of Act No. 16.696, on 30.03.1995 are repealed.

Source: Act No. 18.401 on 24.10.2008, art. 58, first part.

ARTICLE 60 (Repeals).- The following provisions are specifically abrogated: Art.12 of Act No. 13.243, on 20.02.1964; art.29 of Act No. 13.608, on 08.09.1967; art. 483 of Act No. 13.892, on 19.10.1970, and as to the Executive Branch, art. 131 of Act No. 13.241, on 31.01.1964, as written by art. 255 of Act No. 13.320, on 28.12.1964, are repealed too.

Source: Act No. 16.696 on 30.03.1995, art. 60