



REPUBLIC OF SAN MARINO

DECREE-LAW no. 162 of 3 December 2009

We the Captains Regent of the Most Serene Republic of San Marino

In view of the necessity and urgency of Article 2, paragraph 2, point b) of Constitutional Law no. 183 of 15 December 2005 and Article 12 of Qualified Law no. 184 of 12 December 2005, and specifically:

- the need to introduce liquidity constraints to banks' assets in relation to the ability of the Central Bank of the Republic of San Marino to grant loans of last resort in economic situations where high liquidity is required;*
- the urgent need for the system to activate, as the most appropriate measure, a compulsory reserve for the banks to be deposited with the Central Bank of the Republic of San Marino, in relation to the current economic situation affected by tax amnesty measures adopted by other countries;*
- the consequent need to amend as a matter of urgency Article 142 of Law no. 165 of 17 November 2005, as amended and integrated, governing the compulsory reserve mechanism, in order to meet contingent needs;*

In view of Resolution no. 1 of the State Congress adopted at the meeting of 3 December 2009;

In view of Article 5, paragraph 2, of Constitutional Law no. 185/2005 and Articles 9 and 10, paragraph 2, of Qualified Law no. 186/2005;

Are promulgating and ordering the publication of the following decree-law:

"URGENT PROVISIONS CONCERNING THE COMPULSORY RESERVE FOR THE BANKS OF SAN MARINO"

Art. 1

(Amendments to Article 142 of Law no. 165 of 17 November 2005)

Article 142 of Law no. 165 of 17 November 2005 is replaced by the following:

"Art. 142 (Compulsory reserve)

1. Banks must establish, as a compulsory reserve, a monetary term deposit amounting to eight per cent of the total amount of direct funding, including interbank funding.
2. The term deposit referred to in the first paragraph is established by the first working day following the start of each maintenance period in specific accounts with the Central Bank of the Republic of San Marino.
3. Banks are required to submit to the Supervisory Authority, according to the procedures defined by the latter, a statement, signed by the chairman of the board of directors and the chairman of the board of statutory auditors, with evidence of the total aggregate subjected to reserves. The statement must indicate the existing amounts on the last day of the second month prior to the month when

each maintenance period begins.

4. Maintenance periods have monthly frequency, from the first day of each calendar month to the last day of the same month. Throughout the maintenance period, the deposit amount is to always be equal to the compulsory reserve amount, as established in the first paragraph.

5. Term deposits referred to in the first paragraph are paid on the balance recorded during the maintenance period, with settlement of the interests accrued at the end of the maintenance period.

6. Any derogations, be these total or partial, from compliance with the obligations referred to in this Article may be authorised by the Supervisory Authority exclusively in the case of proven liquidity threats. For this purpose, the banks concerned shall file a specific application, attaching all appropriate documentation required by the Supervisory Authority to issue an assessment. Within ten days of receipt, the Supervisory Authority shall notify in writing acceptance or refusal of the authorisation, indicating the consequent requirements. The term shall be suspended if the Supervisory Authority requires any additional information deemed necessary to integrate the documentation produced. It will be resumed with effect as of the date of receipt of the information required.

7. From the end of the first maintenance period, the Supervisory Authority may, by its own measure, by way of derogation from the consultation procedures referred to in Article 38, paragraph 5, change the rate indicated in the first paragraph, the components of the aggregate subjected to reserves, the duration of the reference and maintenance periods, the statement for the calculation of the reserve due, the rate of remuneration, as well as require forms of reserve mobilisation".

Art. 2

(Transitional and implementing provisions)

1. The first maintenance period begins on the first working day following the entry into force of this Decree-Law, and ends on 31 January 2010.

2. The statement referred to in paragraph 3 of Article 142 of Law no. 165 of 17 November 2005 as amended by Article 1 of this Decree-Law must indicate existing amounts as of 30 November 2009 for the first maintenance period.

3. The supervisory authority, in implementation of this Decree-Law, shall notify to the banks of San Marino the statement for the correct determination of the aggregate subjected to compulsory reserve, as well as the rate of remuneration, referred to in paragraph 5 of Article 142 of Law no. 165 of 17 November 2005 as amended by Article 1 of this Decree-Law, concerning the first maintenance period, which may not be less than Euribor 1 month act/360 as registered on the second business day before the day of the deposit.

Art. 3

(Sanctions)

1. Failure to comply with the provisions contained in this Decree-Law, as well as subjected to the administrative sanction referred to in Article 17 of Decree no. 76 30 May 2006, may be considered "exceptionally serious breach" within the meaning of Articles 78.1.a), 84.1 and 85.1, as well as "serious non-compliance" within the meaning of Article 140.3 of Law no. 165 of 17 November 2005.

Done at our Residence, on 3 December 2009/1709 s.F.R.

THE CAPTAINS REGENT
Francesco Mussoni - Stefano Palmieri

P. THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
*The Secretary of State
Antonella Mularoni*