



Law No. 113 of 29 October 1999

# REPUBLIC OF SAN MARINO

## INTEGRATION TO LAW NO. 21 OF 12 FEBRUARY 1986 AND SUBSEQUENT AMENDMENTS (BANK LAW)

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

*Promulgate and order the publication of the following law approved by the Great and General Council during its sitting of 29 October 1999.*

### **Art. 1**

After Art. 10 of Law No. 21 of 12 February 1986, the following article is included:

“Art. 10 bis  
Guarantee system for depositors

Banks shall adopt one of the guarantee systems for depositors provided for and recognised in the Republic of San Marino.

The operation and regulation of such guarantee systems shall be governed by *ad hoc* provisions issued by the Office of Banking Supervision.”

### **Art. 2**

Art. 14 of Law No. 21 of 12 February 1986, amended by Art. 5 of Law No. 33 of 8 March 1988, is replaced by the following one:

“Art. 14  
Balance sheet drafting criteria on a single and consolidated basis

The balance sheets of banks and bank branches, both on a single and consolidated basis, shall be closed on 31 December of each year. The balance sheet shall consist of the asset and liability statement, the profit and loss account and the integration note, the format of which is attached to this Law and forms integral part of the balance sheet. The balance sheets shall be also accompanied by the Board of Directors’ report on management and by the Board of Auditors’ report.

The balance sheets shall be compiled in a transparent manner and indicate with accuracy and correctness the asset and financial position, as well as the operating result.

Credit institutions shall comply with the instructions issued by the Office of Banking Supervision with regard to balance sheet drafting and evaluation criteria, related accounting schemes, and the contents of the management report.

The balance sheet shall be approved by the bank’s Meeting by 30 April of the following year. Within 30 days from approval it shall be deposited with the Court and notified to the Office of Banking Supervision.

The balance sheet schemes referred to in this Article may be changed by Regency Decree.”

### **Art. 3**

After Art. 17 of Law No. 21 of 12 February 1986, the following articles is included:

#### **“Art. 17 bis Bank group**

The bank group shall be alternatively composed of:

- a) the lead bank and the banking, financial and instrumental companies controlled by the lead bank;
- b) the lead financial company and the banking, financial and instrumental companies controlled by the lead financial company when the banking component is relevant within the group.

In such cases, the San Marino bank or financial company having its registered office in San Marino and controlling the companies forming the group shall be understood as the lead bank.

A financial company shall be considered a lead company when the banking, financial and instrumental companies forming part of the group controlled by it play the most relevant role.

In its managing and coordinating activity, the lead bank or company shall instruct the group companies to comply with the provisions issued by the Office of Banking Supervision in the interest of the group stability. The directors of the group companies are required to supply any information for the issuing of provisions, and provide the necessary cooperation for consolidated supervision rules to be respected. “

### **Art. 4**

After the last paragraph of Art. 20 of Law No. 21 of 12 February 1986, amended by Art. 10 of Law No. 33 of 8 March 1988, the following paragraphs are included:

“In performing its supervising activities and for the purpose of promoting prudential and proper bank management, the Office of Banking Supervision shall adopt provisions in the form of Circular and Standard Letters.

Besides containing provisions, both Circular and Standard Letters also have an explanatory and interpretative function of the supervision powers set forth by law.

With regard to prudential supervision, the Office of Banking Supervision may adopt any other measure as it deems appropriate to achieve its institutional purposes.

Bank groups and credit institutions shall comply with such provisions.”

### **Art. 5**

At the beginning of Art. 22 of Law No. 21 of 12 February 1986, amended by Art. 12 of Law No. 33 of 8 March 1988, the following paragraph is added:

“Prudential supervision shall also include informative, regulatory and inspectional supervision.

Credit institutions and bank groups shall comply with the provisions issued by the Office of Banking Supervision with regard to the technical forms of balance sheets, both on a single and consolidated basis. In this respect, the Office of Banking Supervision shall also issue provisions on capital adequacy ratio, risk management, shareholding, administrative and accounting arrangement and internal supervision.”

**Art. 6**

Art. 23 of Law No. 21 of 12 February 1986 shall be replaced by the following one:

“Art. 23  
Professional secret

The Inspectors and Officials of the Office of Banking Supervision shall be bound by professional secret even in respect of the Public Administration, and in any case in compliance with international agreements. Information and data collected during the investigation and establishment of severe anomalies shall be reported by the Office of Banking Supervision exclusively to the Credit and Savings Committee which shall notify the Congress of State (Government).

In the event of judicial proceedings, the relevant documentation shall be kept rigorously confidential.”

**Art. 7**

This Law shall enter into force on the fifth day following that of its legal publication.

*Done at San Marino on 3 November 1999*

THE CAPTAINS REGENT  
*Giuseppe Arzilli – Marino Bollini*

THE MINISTER OF THE INTERIOR  
*Antonio Lazzaro Volpinari*

## **Format of the new balance sheet of credit institutions**

### **ASSET AND LIABILITY STATEMENT**

#### **ASSETS**

- 1 – Cash and other values
- 2 – Receivables from credit institutions:
  - a) sight credits
  - b) other receivables
- 3 – Receivables from customers  
(net of untaxed risk fund for ITL ...)
- 4 – Debentures and other securities:
  - a) of public issuers
  - b) of banks
  - c) of financial institutions
  - d) of other issuers
- 5 – Shares, quotas and other interest-bearing securities
- 6 – Participating interests
- 7 – Participating interests in group enterprises
- 8 – Intangible assets
- 9 – Tangible assets:
  - a) assets  
(net of depreciation fund for ITL ...)
  - b) leasing  
(net of depreciation fund for ITL ...)
- 10 – Other assets
- 11 – Accrued income and prepaid expenses
  - a) accrued income
  - b) prepaid expenses

**TOTAL ASSETS**

## **LIABILITIES**

- 1 – Payables to credit institutions:
  - a) sight payables
  - b) term payables or with notice
- 2 – Payables to customers
  - a) sight payables
  - b) term payables or with notice
- 3 – Payables composed of securities:
  - a) bonds
  - b) certificates of deposit
  - c) other securities (repurchase agreements)
  - d) checks in circulation
- 4 – Other liabilities
- 5 – Accrued liabilities and deferred income
  - a) accrued liabilities
  - b) deferred income
- 6 – Staff severance fund
- 7 – Accruals for risks and charges:
  - a) provision for various employees' charges
  - b) provision for taxes
  - c) other accruals
- 8 – Taxed provision for credit risks
- 9 – Provision for general bank risks
- 10 – Share capital subscribed or endowment fund
- 11 – Paid-in surplus
- 12 – Reserves:
  - a) ordinary reserve
  - b) extraordinary reserve
  - c) other reserves
- 13 – Operating profit (loss)

**TOTAL LIABILITIES**

## **PROFIT AND LOSS ACCOUNT**

- 1 – Interest and income on:
  - a) receivables from credit institutions
  - b) receivables from customers
  - c) receivables on government bonds and securities
- 2 – Interest and charges on:
  - a) payables to credit institutions
  - b) payables to customers
  - c) payables composed of securities (repos)
- 3 – Dividends and other gains:
  - a) on shares, quotas and other and other interest-bearing securities
  - b) on participating interests
  - c) on participating interests in group enterprises
- 4 – Income for fees
- 5 – Charges for fees
- 6 – Profits (losses) for financial operations
- 7 – Other operating income
- 8 – Other operating charges
- 9 – Administrative expenses:
  - a) staff  
wages and salaries  
social security contributions  
staff termination indemnity  
retirement and other charges  
other charges
  - b) other administrative expense
- 10 – Value adjustments to tangible and intangible assets
- 11 – Accruals for contingent liabilities and commitments
- 12 – Value adjustments to credits and accruals for liabilities and commitments
- 13 – Value recoveries on receivables and accruals for liabilities and commitments
- 14 – Accruals for credit risks
- 15 – Value adjustments to financial assets
- 16 – Value recoveries from financial assets
- 17 – Profit (loss) of ordinary activities
- 18 – Extraordinary proceeds
- 19 – Extraordinary expenses
- 20 – Extraordinary profit (loss)
- 21 – General bank risk provision variation
- 22 – Corporate income tax
- 23 – Operating profit (loss)

# **INTEGRATIVE NOTE**

## **Part A – EVALUATION CRITERIA**

Section 1 – Description of evaluation criteria

Section 2 – Adjustments and accruals

## **Part B – BALANCE SHEET INFORMATION**

Section 1 – Receivables

Section 2 – Securities

Section 3 – Participating interests

Section 4 – Tangible and intangible assets, leasing

Section 5 – Other assets

Section 6 – Payables

Section 7 – Funds and provisions

Section 8 – Capital, reserves, provision for general bank risks

Section 9 – Other liabilities

Section 10 – Liabilities and commitments

Section 11 – Aggregation and distribution of assets and liabilities

Section 12 – Management and intermediation on behalf of third parties

## **Part C – PROFIT AND LOSS ACCOUNT INFORMATION**

Section 1 – Interests

Section 2 – Fees

Section 3 – Profits and losses from financial operations

Section 4 – Administrative expenses

Section 5 – Adjustments, recoveries and accruals

Section 6 – Other entries of the profit and loss account

Section 7 – Other information