

Mutual Regulations as referred to in article 38, first paragraph of the Charter for the Kingdom of the Netherlands regulating a Common Central Bank of Curaçao and St. Maarten (Central Bank Statute for Curaçao and St. Maarten)

Whereas Article 88 of the Constitution of Curaçao and Article 100 of the Constitution of St. Maarten provide that there shall be a central bank;

And whereas it is agreed in the final agreement made on 2nd November 2006 that there shall be one central bank for Curaçao and St. Maarten with one set of legislation and one supervisor for the monetary supervision, the financial supervision and the integrity supervision;

And whereas Curaçao and St. Maarten made agreements in-principle on 26th November 2008 on a common central bank and the relevant rules and regulations;

And whereas the following agreements have in any case been made in the accords in-principle:

- that a common central bank shall be established as a public legal entity;
- that there shall be one currency area with a common currency in a fixed exchange relationship with the United States dollar;
- that the bank's principal task is the exercise of the supervision of the financial sector in both countries, including the monetary supervision, the economic and commercial supervision and the integrity supervision;
- that it is the purpose of said supervision to maintain the external value of the currency and the health of the financial system;
- that the decision-making by the countries shall be on the basis of parity between the countries;

Now therefore

CURAÇAO AND ST. MAARTEN

have agreed as follows:

CHAPTER 1

General Provisions

Article 1

In these Regulations the following definitions shall apply:

Bank : the Central Bank of Curaçao and St. Maarten;
Country : the country Curaçao or the country St. Maarten;

Countries	:	the country Curaçao and the country St. Maarten;
Ministers	:	the Ministers of Finance of the Countries;
Minister	:	The Minister of Finance of one of the Countries;
Caribbean guilder	:	the currency of the Countries;
The Entitled Asset holders	:	the Countries.

Article 2

1. There shall be a bank in the Countries, named "Central Bank of Curaçao and St. Maarten".
2. The Bank is a legal entity and is established in Curaçao and has a branch office on St. Maarten.

CHAPTER II Objects of the Bank

Article 3

1. The objects of the Bank are:
 - a. to promote the stability of the value of the currency of the Countries;
 - b. to promote the health of the financial system of the Countries
 - c. to promote a safe and efficient payment traffic in the Countries;
2. The Countries will ensure that their national legislation, insofar as related to the objects of the Bank, and the implementing provisions based thereon, are uniform and compatible with these Regulations, and that they will have a uniform effective date.

CHAPTER III Tasks and powers of the Bank

Article 4

1. The Bank shall formulate and implement the monetary policy of the Countries.
2. After hearing the advice of the Board of Supervisory Directors, the Board of Management may establish rules on the limitation of the joint amount

of issued banknotes, coins and other obligations of the Bank that are immediately due and demandable.

Article 5

The Bank shall give solicited and unsolicited advice to the Countries on matters in the areas that fall within the limits of the powers conferred to the Bank or may have influence thereon.

Article 6

1. The Bank is the bank of issue. As such the Bank is authorized, to the exclusion of all other institutions, to issue banknotes and coins in the Countries, and takes care of the circulation of money
2. If not withdrawn from circulation, the banknotes and coins shall be the exclusive legal tender.
3. The nominal value of the banknotes and coins to be issued, will be determined in the mutual arrangement regulating a common monetary system for the Countries.
4. The Board of Management shall determine the draft and the print of the banknotes, after hearing the advice of the Board of Supervisory Directors.
5. The Bank shall not be obliged to pay compensation on account of loss, entire or partial destruction, damage or violation of banknotes and coins.
6. In case of suspicion of the commission of a punishable act or at the request of the interested party, the Bank shall be at liberty to demand acquittance and endorsement of the banknotes and coins from those who present these items for payment or conversion.
7. Articles 296 second and third paragraphs, 297 and 298 of the Code of Commerce of the Countries shall not be applicable to banknotes.

Article 7

1. The Bank may withdraw banknotes and coins from circulation. Holders of banknotes and coins will then be invited by the Bank to present these items for conversion. The invitation will be announced in the journals in which each Country publishes its official notices.
2. After the expiry of a period of ten years after the publication of said notice the amount of the banknotes and coins not presented for conversion, shall be added to the profit of the current financial year. The banknotes and coins subsequently presented, will be debited to the profit and loss account.

3. Upon the expiry of thirty years after the publication of the invitation referred to in the first paragraph, the right to demand conversion of the banknotes and coins concerned, shall become extinguished.

Article 8

1. The Bank shall exercise supervision of persons, companies and institutions active in or operating from one of the Countries in conformity with the provisions of this article.
2. The Bank shall by virtue of rules established by a uniform national ordinance, exercise the supervision of:
 - a. the banking and credit system;
 - b. company pension funds;
 - c. the insurance sector;
 - d. the stock exchanges;
 - e. investment institutions and administrators;
 - f. the providers of management services;
 - g. the insurance brokers;
 - h. the money transactions offices.

Article 9

1. The Bank shall keep the official reserves of the Countries, manage said reserves and monitor the investment of the reserves.
2. The Bank shall be the central foreign exchange bank for the Countries and as such, regulate the payment traffic with foreign countries, in conformity with the mutual arrangement on foreign exchange transactions.
3. The Bank may under conditions stipulated by the Bank, authorize other banks to operate as a foreign exchange bank.
4. The foreign exchange bank authorized in pursuance of the third paragraph, shall have to pay a license fee which will be charged by the Bank on a monthly basis.
5. The license fee shall be calculated in accordance with rules established by a uniform national ordinance.
6. The license fees collected in the Countries shall not constitute part of the Bank's revenues.
7. The license fees collected from the foreign exchange banks established in the country Curaçao, shall be transferred in their entirety to the country Curaçao. The license fees collected from the foreign exchange banks

established in the country St. Maarten, shall in their entirety be transferred to the country St. Maarten.

8. The Bank is authorized to set the official rates for foreign exchange transactions, such with due observance of the value of the Caribbean guilder, abbreviated to CMg, in conformity with the mutual arrangement regarding the fixing of the rate of exchange and with due observance of the relevant international agreements applicable to the Countries.

Article 10

The Bank is furthermore authorized to carry out the following activities:

1. to issue bills of exchange and checks and to comply with written or electronic payment instructions;
2. to receive funds in custody, on deposit or on current account;
3. to purchase and to sell:
 - a. bills of exchange accepted by a bank established in one of the Countries, and treasury bills to the debit of one of the Countries, as well as to discount such bills;
 - b. coins and bullions;
 - c. debenture bonds issued by one of the Countries;
 - d. debenture bonds issued by public and private legal entities established in one of the Countries and covered by adequate collateral security;
 - e. debt instruments whose interest and redemption are guaranteed by one of the Countries;
 - f. mortgage claims on real estate located in one of the Countries or the rights to which they are subject;
4. to receive coins, coinage material or valuable paper for safekeeping;
5. to provide advances to credit institutions by way of loans or on current account on adequate security of valuable paper, claims, goods, coins and coinage material;
6. to issue guarantees within the exercise of the Bank's duties;
7. to invest its foreign exchange in securities issued or guaranteed by foreign governments and international organizations, in banker's acceptances or in debt instruments of foreign banks or to deposit its foreign exchange with foreign banks;
8. to mediate in the issuance, purchase and sale of treasury bills and debenture bonds issued by one of the Countries;

9. to perform other activities that are related to the objectives mentioned in Article 3 and are assigned to the Bank by or by virtue of a uniform national ordinance.

Article 11

1. The Bank may act as banker of a Country and is, as such, answerable to the Minister of the Country concerned and accountable to the Audit Office of the Country concerned. The Bank shall carry out these services at cost price.
2. In addition, the Bank may be charged with cashier services for institutions of a Country, called into existence by national ordinance. Likewise these services shall be provided at cost price.
3. The Bank is also charged with the safekeeping, free of charge, of all monetary values and valuable instruments for the benefit of the Countries and their institutions as referred to in paragraph 2.

Article 12

1. The Bank may provide advances to a Country in order to meet temporary cash requirements caused by the seasonal differences between revenues and expenditures of the Country concerned, during the budgetary year, provided that the total of such advances, shall not at any time exceed five per cent of the average current revenues of the Country concerned in the three preceding budget years.
2. The Country concerned, shall pay interest on the advances referred to in the first paragraph, at a rate which is equal to the lending rate.

Article 13

1. Except as provided for in Article 10 subparagraph 5 and Article 12, the Bank shall not grant any credit or advance other than for internal expenses.
2. The Bank shall not purchase securities, except as provided for in Article 10 subparagraphs 3 and 7 and Article 36 paragraph 1, nor shall it buy any goods other than those that are required for the operation of its business or in cases in which the purchase of goods is necessary for the prevention of losses.
3. The Bank shall not participate in business enterprises.

Article 14

1. The Bank, its Board of Supervisors, its Board of Management and its personnel are not liable for damage caused in the normal performance of the tasks and powers assigned to them by or by virtue of these Regulations and other formal rules, save if the damage is due to intent or willful recklessness.
2. The restriction of liability referred to in the first paragraph is also applicable to third parties who are performing duties and powers on behalf or upon instruction of the Bank or of organs and persons mentioned in the first paragraph.

Article 15

The Bank shall compensate all costs and expenses incurred in reasonableness by the organs and the persons referred to in Article 14, arising from a legal action resulting from the tasks and powers exercised by said organs or said persons in conformity with and by or by virtue of these Regulations and other formal rules, save if it appears from the action that said costs and expenses are due to intent or willful recklessness of said persons or organs.

Article 16

1. The files, the buildings and premises of the Bank cannot be subjected to a search, requisition, confiscation or expropriation without the consent of the Joint Court of Justice.
2. The properties and possessions of the Bank cannot be subjected to any administrative or judicial coercive measure without the consent of the Joint Court of Justice of Aruba, Curaçao, St. Maarten and of Bonaire, St. Eustatius and Saba.
3. The freedom of movement of the members of the Board of Management, the members of the Board of Supervisory Directors and the personnel of the Bank shall not be restricted in any way by immigration rules in their movements between the Countries in connection with their work.

Article 17

1. In order to be able to carry out the tasks of the Bank, the Bank shall collect the required statistical data, either from the competent national authorities or directly from the economic subjects. For this purpose the

- Bank will cooperate with the competent authorities of the Countries or third countries and with international organizations.
2. To the extent possible the St. Maarten office shall carry out the tasks specified in paragraph 1 for the obtaining of data of the Country St. Maarten.
 3. Where necessary, the Bank shall contribute toward the harmonization of the rules and working methods for the collecting, preparing and disseminating of statistics concerning the areas that fall within the Bank's area of competence.
 4. The Bank shall prepare the balance of payments of each of the Countries.
 5. Everybody within the Countries is under the obligation, at the Bank's request, to provide all information and data to the Bank which are important for the compilation of the statistics concerning the areas that fall within the Bank's competence.

Article 18

It is not allowed to the Bank nor to any member of the Board of Management, nor to any member of the Board of Supervisory Directors, in the exercise of the powers in the performance of tasks and duties assigned to them under these Regulations, to ask or to accept instructions from institutions or organs of the Countries or from the governments of the Countries or from any other organ. The institutions and organs of the Countries and of the governments of the Countries undertake to honor this principle and to refrain from efforts to influence the members of the Management Board or the Board of Supervisory Directors, in the execution of their tasks.

CHAPTER IV Board of Management of the Bank

Article 19

1. The Board of Management of the Bank shall consist of a President and two Executive Directors.
2. The President is the chairman of the Board of Management and represents the Bank in and out of court.
3. In case one or more members of the Board of Management is/are absent or prevented from acting, the remaining members shall be in charge of the management of the Bank.

4. When making decisions the Board of Management shall endeavor to reach a consensus. If no consensus can be reached, the President shall decide the issue.
5. In case the President is absent or prevented from acting, the director designated by the President will deputize for the President, in the absence whereof, said designation will be made by the chairman of the Board of Supervisory Directors.

Article 20

1. The President and the two Executive Directors will each be appointed by national ordinance from a joint nomination made by the Ministers, consisting, for each position, of three persons with a recognized reputation and professional experience in the financial and economic field and drawn up on the basis of a recommendation made by at least five members of the Board of Supervisory Directors.
2. The President and the Executive Directors shall be appointed for a term of 8 years and upon their resignation they are immediately eligible for reappointment consecutively for one single term, with the proviso that an appointment will end prematurely upon reaching the age of 65.
3. Upon the recommendation of the Board of Supervisory Directors the President and the Executive Directors may be suspended or prematurely removed by a reasoned national ordinance. In case of suspension the Board of Supervisory Directors may, to the extent necessary, also make a recommendation of three persons for the temporary tenure of the position concerned.
4. In case of regular resignation of an executive director the recommendation and appointment referred to in paragraph 1 shall be effected not later than three months before the date of resignation. In case of premature discharge as referred to in paragraph 3, the recommendation and appointment referred to in paragraph 1, shall be effected within three months after the resignation.
5. In case of failure on the part of the Countries to appoint a President or executive director within three months after the recommendation by the Board of Supervisory Directors, the Board of Supervisory Directors shall appoint a President or executive director temporarily from said recommendation of three persons. The temporary President or director will function as such until the appointment has been effected by the Countries.

6. The terms of employment of the Board of Management shall be laid down in a regulation established by the Board of Supervisory Directors after hearing the advice of the Board of Management.
7. The members of the Board of Management must be independent and shall meet the standards of expertise and integrity in conformity with the requirements established in the job profiles referred to in paragraph 8.
8. Upon consultation with the meeting of the Entitled Asset holders, the Board of Supervisory Directors shall define the job profiles referred to in paragraph 7. The profiles shall be published in the journals in which each Country advertises its official notices.

Article 21

1. The Board of Management shall conduct the policy and the management of the Bank in the broadest sense; the Board of Management is responsible for the management of the properties of the Bank and is authorized to perform all acts of disposition of those properties, except where such authority is restricted by or by virtue of these Regulations.
2. In consultation with the Board of Supervisory Directors, the Board of Management shall appoint one of the Executive Directors as Secretary of the Bank, who as such is charged with the implementation of the policy with regard to the properties of the Bank, the administration and the care of the secretariat.
3. In consultation with the Board of Supervisory Directors and on the basis of a job profile defined by the Board of Management, the Board shall appoint a branch manager. The branch manager, who is not a member of the Board of Management, is in charge of the day-to-day management of the office in St. Maarten. The branch manager shall, in any case, support the Board of Management in the undermentioned tasks:
 - a. the care of the internal organization of the office in St. Maarten ;
 - b. the preparation of the annual plan and the budget of the office as well as the supervision of its implementation;
 - c. the collection, processing and analysis of the balance of payments data and other financial and economic data of St. Maarten;
 - d. the preparation and implementation of the Bank's policy program in the area of investigation and supervision;
 - e. the supervision of the compliance with the rules and regulations relevant to the financial institutions in St. Maarten.

Article 22

The Board of Management shall determine the general terms of employment, including a pension plan, with due observance of the provisions of Article 27, paragraph 2 subparagraph f.

Article 23

1. The Board of Management shall have the authority to call representatives of the institutions established in the countries and supervised by the Bank to attend, as advisory committee, a meeting chaired by the President of the Bank, in order to provide information and advice to the Board of Management on subjects with regard to which the Board wishes to be advised by the committee.
2. The Board of Management shall have the authority to invite the representative organizations of the institutions in a sector supervised by the Board in pursuance of Article 8, in order to provide information and advice to the Board of Management on subjects relating to the sector concerned.

Article 24

1. At least once every six months the Ministers shall hold consultations on affairs regarding the Bank. The Ministers may invite the Board of Management and/or the Board of Supervisory Directors to attend said consultations.
2. The President of the Board of Management shall periodically but at least once every 3 months, hold consultations with the Ministers on the financial and economic policy.
3. The Bank shall annually draw up a report on the financial and economic policy conducted by the Bank in the preceding year and shall send the report to the Parliaments of the Countries for their attention.

CHAPTER V

Board of Supervisory Directors of the Bank

Article 25

1. There shall be a Board of Supervisory Directors consisting of seven members, including the chairman.

2. In case one or more members of the Board of Supervisory Directors is/are absent or prevented from acting, the remaining members of the Bank's Supervisory Directors will remain in charge.
3. The chairman of the Board of Supervisory Directors shall be appointed and removed jointly by the Countries by national decree. The appointment of the chairman shall be effected upon the joint nomination by the Ministers, which nomination shall be based on a recommendation made by a 5/6 majority of the Board of Supervisory Directors.
4. Three of the other six members shall be appointed upon the recommendation of each of the Countries. Each nomination shall be made by the Minister of that Country and shall consist of three persons. This nomination shall be effected on the basis of a recommendation made by the Board of Supervisory Directors. The members shall be appointed by the Countries jointly by national decree.
5. The appointment of the members referred to in paragraphs 3 and 4 shall be for a period of four years. Upon their resignation they shall be immediately eligible for reappointment consecutively for one single term.
6. In special cases the members referred to in paragraph 4 can be suspended or prematurely removed by a reasoned national decree.
7. In derogation of paragraph 4, suspended or resigning members shall not participate in the selection for the nomination with regard to their replacement.
8. In case of regular resignation of a member, the nomination and appointment as referred to in paragraphs 3 and 4 shall be made not later than three months prior to the resignation. In case of an unusual resignation, as referred to in paragraph 6, the nomination and appointment shall be effected in the manner set out in paragraphs 3 and 4 within three months after the resignation.
9. In case the Ministers fail to make a nomination or in case the Countries fail to appoint a member within three months after the nomination, the President of the Joint Court of Justice of Aruba, Curaçao, St. Maarten and of Bonaire, St. Eustatius and Saba will make a selection from that nomination and appoint a member temporarily. Said temporary member shall function as such until the appointment by the Countries has been effected.
10. The members of the Board of Supervisory Directors shall be competent, incorruptible and independent in conformity with the requirements set forth in the job profiles contained in the regulations referred to in paragraph 11.
11. Upon consultation with the meeting of the Entitled Asset holders, the Board of Supervisory Directors shall establish rules concerning its job

profiles and the performance of its duties. These rules shall be published in the journals in which each Country advertises its official notices.

Article 26

The Board of Supervisory Directors shall exercise supervision of the acts of the Board of Supervisory Directors, of the management of the Bank's properties as well as the resources entrusted to the Bank, and shall advise the Board of Management in that regard.

Article 27

1. The Board of Supervisory Directors shall meet at least every two months and furthermore as often as such is deemed necessary or desirable by the chairman or two members of the Board or the President of the Bank.
2. The Board of Management shall need the prior approval of the Board of Supervisory Directors in order:
 - a. to formulate and to amend the Bank's investment policy;
 - b. to invest in new buildings and infrastructure;
 - c. to rent and to lease out real property;
 - d. to determine and to amend the general terms of employment of the Bank's personnel;
 - e. to introduce, to amend and to revoke important organizational measures in case of reorganizations or otherwise;
 - f. to perform legal acts not including the implementation of the budget annually approved by the Board of Supervisory Directors, provided that this involves a financial interest for the Bank for an amount exceeding CMg 250,000.00 (two hundred fifty thousand Caribbean guilders) as a lumpsum or per annum and/or entailing a commitment for the Bank for a period longer than five years;
 - g. to carry out acts relating to the share of the Countries in the Bank's equity capital;
3. The resolutions of the Board of Supervisory Directors shall be adopted by a simple majority, with the exception of the resolutions referred to under paragraph 2 subparagraphs a, b, e and g, which must be adopted by a 5/7 majority.
4. In the meetings of the Board of Supervisory Directors the President shall report on the general economic and financial development in the Countries and on the Bank's policy and management .

5. The Board of Management of the Bank shall be obliged, if requested to do so, to provide the Board of Supervisory Directors with all information and to submit all pertinent books, records and other data carriers which it deems necessary for a proper exercise of its duties.

Article 28

1. The members of the Board of Supervisory Directors shall receive a remuneration which shall be determined by the meeting of the Entitled Asset holders upon consultation with them and with the President of the Bank.
2. The expenses arising from the preceding paragraph shall be charged to the Bank.

Article 29

1. The Board of Supervisory Directors may appoint committees from among their members.
2. A committee for appointments and remunerations, an audit committee and an investment committee shall in any case be established.

Article 30

1. The Supervisory Directors, the President and the Executive Directors of the Bank shall have the Dutch nationality and be residents of one of the Countries.
2. Representatives of persons, companies or institutions supervised by the Bank in conformity with Article 8 cannot simultaneously hold one of the offices mentioned in the preceding paragraph.
3. There shall be no relationship of consanguinity or affinity up to the second degree between the supervisors mutually, between them and the members of the Board of Management, between the members of the Board of Management mutually, as well as between the Ministers and the members of the Board of Management and the Board of Supervisory Directors.

Article 31

Upon the acceptance of their appointment the Supervisory Directors, the President and the Executive Directors shall take the oath or make a solemn

affirmation before the Governors of the Countries whereby they undertake to maintain confidentiality with regard to all information that comes to their knowledge because of their office, at any rate, insofar as disclosure of such information is not prescribed by or by virtue of a national ordinance.

CHAPTER VI
Meeting of the Entitled Asset holders

Article 32

1. The meeting of the Entitled Asset holders whereby the Ministers are acting as representatives of the Entitled Asset holders shall be held in Willemstad or Philipsburg. Annually at least one meeting shall be held ["the annual meeting"].
2. The annual meeting shall be held within six months after the end of the financial year.
3. The agenda of the annual meeting shall consist, *inter alia*, of the following items:
 - a. annual report;
 - b. adoption of the annual financial statement/annual account;
 - c. discharge of the members of the Board of Supervisory Directors;
 - d. approval of the apportionment formula (once every 5 years);
 - e. rules and regulations of the Board of Supervisory Directors as referred to in Article 25, paragraph 11;
 - f. remuneration of the Board of Supervisory Directors;
 - g. appropriated reserves.
4. In this meeting the President shall present a report on the past financial year.
5. Furthermore, meetings of the Entitled Asset holders shall be held as often as the Board of Management or the Board of Supervisory Directors deems it to be desirable, and also when a request to hold a meeting is made by at least one of the Entitled Asset holders and when such meeting is required by virtue of the provisions of the law or of these Regulations.
6. The meeting of the Entitled Asset holders shall be called by means of a written convening notice sent by the Entitled Asset holders, the President or the chairman of the Board of Supervisory Directors.
7. The convening notice shall be sent at the latest on the fifteenth day prior to the day of the meeting, unless the Entitled Asset holders agree to observe a shorter notice period for convening a meeting.

8. The convening notice shall state the items to be dealt with or contain the information that the agenda is available for inspection at the office of the Bank by those entitled to attend the meeting.
9. In case of a proposal to amend the Statute of the Bank, this information shall be stated in the notice itself.
10. The meeting of the Entitled Asset holders shall be presided over by the chairman of the Board of Supervisory Directors.
11. Resolutions without holding a meeting of the Entitled Asset holders can be adopted only in writing and by a unanimous vote of the Entitled Asset holders.
12. The report of the Entitled Asset holders shall be presented to the meeting of the Entitled Asset holders in order to be adopted in writing not later than one month after the end of the meeting.

CHAPTER VII

The Bank's equity base

Article 33

1. The equity base consists of the capital and all reserves.
2. The share of each Country in the equity capital is determined on the basis of a formula of apportionment.
3. The share of each Country in the equity capital shall be determined on the basis of a formula of apportionment as follows:
 - 50% of the GDP of the Countries;
 - 50% of the number of inhabitants of the Countries, in accordance with the situation existing at the end of the year preceding the year in which the formula of apportionment is determined and as published by the Central Bureau of Statistics of each Country. If this is not available the situation of the most recent year for which the figures are available will be assumed as a point of departure. The percentages shall be rounded off to two places of decimals.
4. At the time of the inception of the Bank the relative share of each Country in the equity capital, shall be determined by applying the formula of apportionment referred to in the second paragraph, as applicable in the year of incorporation – to the start-up equity capital referred to in Article 46.
5. Subsequently the relative share of each Country in the Bank's equity capital shall be determined once every 5 years as of January 1.
6. The share of each Country is determined by the sum of two components divided by the total amount of the equity capital existing at that moment.

The first component is equal to the absolute share, expressed in Caribbean guilders of that Country in the amount of the equity capital fixed at the time of the most recent share determination.

The second component is also expressed in Caribbean guilders and shall be determined by applying the new formula of apportionment to the accretion of the equity capital relative to the amount of the equity capital as fixed at the time of the most recent share determination.

7. The Board of Supervisory Directors shall present a proposal for any necessary adjustment of the formula of apportionment referred to in paragraph 4.

To this end the Board shall give instructions to the external expert referred to in Article 38, paragraph 1 to submit, simultaneously with the review of the annual account and the annual financial report, a calculation of the adjusted apportionment formula, of any change of the equity capital, and of any transfer of shares.

8. The adjusted formula of apportionment, the changes of the equity capital, and the transfer of shares, if any, shall be determined by the Entitled Asset holders within 2 months after receipt of the proposal of the Board of Supervisory Directors. In case the meeting of the Entitled Asset holders fails to do so within the period stipulated, the proposal of the Board of Supervisory Directors as adopted by the meeting of the Entitled Asset holders, shall be applicable.
9. The Board of Management shall support the Board of Supervisory Directors in the application of this article.

Article 34

1. The capital of the Bank is CMg 30,000,000.00 (thirty million Caribbean guilders).
2. The Bank shall create a reserve fund up to an amount of CMg 30,000,000.00 (thirty million Caribbean guilders) intended for the coverage of any losses on the capital of the Bank.
3. The moment the reserve fund drops below the required CMg 30,000,000.00 (thirty million Caribbean guilders) and cannot be supplemented from the other reserves, the fund must be replenished by a deposit from the Countries in conformity with the formula of apportionment applicable at that moment.

Article 35

1. The Bank shall have the authority, upon approval by the meeting of the Entitled Asset holders and after hearing the advice of the Board of Supervisory Directors, to create appropriated reserves.
2. The Bank shall in any case create appropriated reserves for the foreign exchange falling under the scope of its immediate management.

Article 36

1. The Bank shall have the authority to invest its capital and reserves in accordance with rules established by the Board of Supervisory Directors upon the proposal of the Board of Management, in conformity with the provisions of Article 27, paragraph 2 subparagraph 2.
2. The results obtained from the investments referred to, shall be entered in the profit and loss account.

CHAPTER VIII

Budget, balance sheet and profit and loss account

Article 37

1. The financial year of the Bank runs from the first of January up to and including the thirty-first of December following thereafter.
2. Annually before 1st December the Board of Management shall submit a budget of the Bank, for the following financial year, to the Board of Supervisory Directors for approval. After the budget is approved it shall be submitted to the meeting of the Entitled Asset holders, the Minister and to the Parliaments of the Countries for their attention.

Article 38

1. Annually before July 1st the Board of Management shall present the annual account and the financial annual report of the past financial year to the Board of Supervisory Directors for their approval, after having been audited by an external expert appointed by the Board of Supervisory Directors.
2. In the next-following meeting, which shall be held within 60 days after the audit referred to in the first paragraph, the annual accounts and the

financial annual report shall be approved by the Board of Supervisory Directors.

3. Approval of the annual account and the financial annual report by the Board of Supervisory Directors will serve to discharge the Board of Management from liability for its acts during the financial year to which the documents are related insofar as such acts are evidenced by the annual account and the financial annual report and insofar as it is not otherwise provided in said approval.
4. The Board of Supervisory Directors shall send the annual account and the financial annual report to the meeting of the Entitled Asset holders for adoption. Adoption by the meeting of the Entitled Asset holders shall serve to discharge the Board of Supervisory Directors from liability. After the annual account has been adopted, it shall be sent to the Ministers and the Parliaments of the Countries for their attention.
5. The meeting of the Entitled Asset holders shall establish the standards for the adoption of the annual account and the financial annual report referred to in the first paragraph.

Article 39

Once every month the Board of Management shall publish an abridged balance sheet with an explanatory statement in the journals in which each Country publishes its official notices.

Article 40

The annual profits made by the Bank shall be paid into the cash fund (s) of the Countries in conformity with the formula of apportionment mentioned in Article 33 paragraph 3 of these Regulations, after allocation to or clearance of the reserve fund mentioned in Article 34 paragraph 2 and after transfer to the reserves, as referred to in Article 35.

Article 41

1. The Bank shall be exempted from profit tax and property tax.
2. Documents and records issued by the Bank shall be exempted from taxes.

Final and transitional provisions

Article 42

1. These Regulations shall be cited as “the Central Bank Statute for Curaçao and St. Maarten”.
2. Article 12 will become effective for a Country only after Article 22 paragraph 2 of the Kingdom Act on the Financial Supervision of Curaçao and St. Maarten has ceased to exist.
3. Except if otherwise provided by these Regulations the further rules and implementing provisions based on the Central Bank Statute (Off. Gaz. 1985, no. 185) of the Central Bank of the Netherlands Antilles as applicable before these Regulations entered into force, shall remain effective until they have been replaced with other rules and implementing provisions in conformity with the provisions of these Regulations.

Article 43

1. Effective from the entry into force of these Regulations the supervision referred to in Article 8, second paragraph, as regards:
 - a. the banking and credit institutions, shall be effected by virtue of the provisions of the National Ordinance on the Supervision of Banking and Credit institutions of 1994;
 - b. the company pension funds, shall be effected by virtue of the provisions of the National Ordinance on Company pension funds;
 - c. the insurance sector, shall be effected by virtue of the provisions of the National Ordinance on the Supervision of the Insurance sector and its implementing decrees;
 - d. the stock exchanges, shall be effected by virtue of the provisions of the National Ordinance on the Supervision of Stock Exchanges;
 - e. investment institutions and administrators, shall be effected by virtue of the National Ordinance on the Supervision of investment institutions and administrators;
 - f. the providers of management services, shall be effected by virtue of the National Ordinance on the Supervision of the Trust Sector;
 - g. the insurance brokers, shall be effected by virtue of the National Ordinance on Insurance Brokerage;
 - h. the money transaction offices, shall be effected by virtue of the National Ordinance on the Supervision of Money Transaction Offices;

in the manner as said national ordinances were worded immediately before these Regulations entered into effect.

2. In accordance with Article 42, third paragraph, these national ordinances shall remain in force until they are replaced by uniform national ordinances or further rules and implementing provisions in conformity with the provisions of these Regulations.

Article 44

1. The banks that are already operating as foreign exchange banks at the time these Regulations enters into effective force, shall be deemed to have obtained the authorization referred to in Article 9, paragraph 3.
2. Licenses/permits, exemptions and dispensations already issued by the Central Bank of the Netherlands Antilles at the time these Regulations entered into effect, shall remain in force.

Article 45

1. The President and Executive Directors of the Central Bank of the Netherlands Antilles in office immediately prior to the time of entry into force of these Regulations, are appointed as President, respectively as Executive Directors with effect from the aforementioned effective date. In derogation of article 20, second paragraph, these appointments will be effective until the appointees have reached the age of 60.
2. When composing a Board of Supervisory Directors the members shall be appointed by the Countries by national decree on the basis of a nomination made by the Executive Councils of the island territories Curaçao and St. Maarten in conformity with job profiles defined by independent external experts, all this notwithstanding article 25 paragraphs 3 and 4.
3. The chairman shall be appointed for 4 years. Notwithstanding Article 25 paragraph 5 one member from each of the Countries shall be appointed for 4 years, one member for 3 years and 1 for 2 years.

Article 46

As of 10th October 2010 the Countries shall transfer to the Bank their share in the equity of capital of the Central Bank of the Netherlands Antilles, in conformity with the formula of apportionment mentioned in Article 33 paragraph 3, in the form of all properties/possessions and debts of the Bank of the Netherlands Antilles existing as of the aforementioned date and expressed against the current

value. The balance of the properties/possessions and debts thus transferred shall form the start-up equity capital, viz. the capital and reserves of the Central Bank of Curaçao and St. Maarten.

Article 47

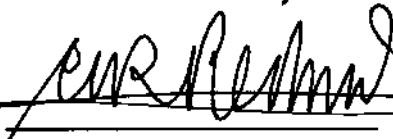
1. As of the moment of entry into force of these Regulations the employment contracts concluded with the Bank of the Netherlands Antilles shall be considered to have been entered into with the Central Bank of Curaçao and St. Maarten. Furthermore, all previously applicable rules and management decisions regarding the legal status of the personnel shall be deemed to have been issued in the name of the Central Bank of Curaçao and St. Maarten.
2. In case new terms of employment are stipulated in connection with the transition of the personnel to the Central Bank of Curaçao and St. Maarten, such conditions shall be at least equally favourable to the personnel as those previously applicable. Existing pension rights arising from the pension provisions previously applicable to the personnel, shall not be infringed.

The Minister of Finance of Curaçao
[not signed]

The Minister of Finance of St. Maarten
[not signed]

Translator's Statement:

I hereby certify the above and the foregoing twenty-one (21) pages to constitute a full, true and accurate translation of the Dutch-language original seen by me, in witness whereof I have hereunto set my hand and affixed my Seal of Office on this thirteenth day of June 2011. The translation was done to the best of my ability and without liability.



C.H.R. Redmond
Sworn Translator

[Govt. Decree of 15th April 1981, no. 2, no. 10748/JAZ]



**EXPLANATORY MEMORANDUM to the Central Bank Statute
for Curaçao and St. Maarten**

Purpose and scope

The purpose of the present draft is to introduce a new Central Bank Statute for the Common Central Bank of Curaçao and St. Maarten.

The point of departure underlying this draft was based on the agreements in-principle described in detail hereinafter. The draft was furthermore based on the Central Bank Statute of 1985 (Off. Gaz. 1985, no. 183) (CB Statute 1985) of the Bank of the Netherlands Antilles (hereinafter *BNA*). It was thereby taken into account that the stability of the value of the currency of Curaçao and St. Maarten and the health of the financial system must always come first and foremost. The objectives of the "Central Bank of Curaçao and St. Maarten" (hereinafter "the Bank") are identified explicitly in Article 3.

Background and motive

In the Final Accord of 2nd November 2006 the island territories of Curaçao and St. Maarten agreed that there shall be a common central bank for Curaçao and St. Maarten once these island territories have gained the status of "Country" within the Kingdom of the Netherlands. It was also agreed that there shall be a supervisory institution (i.e. a common central bank) for the monetary supervision, the economic and commercial supervision and the integrity supervision and that a uniform central bank and supervision legislation shall be applicable in the prospective Countries. Subsequently, Curaçao and St. Maarten made further agreements on a common central bank and on the relevant rules and regulations. Taking into account that it concerns two different countries these agreements included the following:

- a common central bank shall be established as a public legal entity;
- there shall be one currency area with a common currency in a fixed exchange rate relationship to the United States dollar;
- the principal task is the supervision (viz. the monetary supervision, the economic and commercial supervision and the integrity supervision) of the financial sector in both countries; the purpose of this supervision is to maintain the external value of the currency and the health of the financial system;
- the decisions by the Countries as shareholder shall be made on the basis of unanimity;
- the profit appropriation shall be based on the formula of the weighted average of 50% of the Gross Domestic Product (GDP)(at market prices) and

- 50% of the population of the year preceding the establishment of the Bank, with the apportionment being adjusted every 5 years;
- the Board of Management shall consist of three members, and the Board of Supervisory Directors shall be composed of 7 members;
- a branch shall be established in St. Maarten which is to be managed by its own branch manager with appropriate powers in order to be able to manage and to represent the bank branch.

For the purpose of preparing the introduction of the common central bank, including the drafting of a statute for this institution, the island territories formed a committee, called the Committee for a Common Central Bank, consisting of representatives of the respective island territories and the *BNA*.

Legal basis

It is determined in article 88 of the Constitution of Curaçao and in article 100 of the Constitution of St. Maarten that there shall be one central bank.

Agreements were to be made with respect to the structure, the tasks and powers of the envisioned common central bank. The agreements were to be embedded in a mutual agreement (as referred to in article 38, first paragraph of the Charter of the Kingdom of the Netherlands). A mutual arrangement shall only be effective between the Countries that enter into the agreements, but it has no automatic effect within the legal system of each of the Countries that are party to that arrangement. For the arrangement to be effective a legal basis of the mutual arrangement is required. The mutual arrangement for the bank statute will be embedded within the legal system of each of the Countries by including the provision in the national ordinance that the Bank is regulated by a mutual arrangement and that said mutual arrangement will only become effective if said arrangement is approved by National Ordinance (by each of the countries involved).

In principle, the procedure to arrive at an approval by national ordinance is less rigid and time-consuming than a uniform national ordinance in which the arrangement is embedded integrally. At the same time, the focal point of the decision-making will predominantly lie with the parties that conducted negotiations on the mutual arrangement, that is to say, the governments of the Countries. The approval national ordinance guarantees the involvement of the national legislature in the realization of the mutual arrangement. With the approval national ordinance the respective mutual arrangement gains statutory force. This will give rise to an automatic effect within the national legal system of each of the Countries. Conversely, the national statutory provisions will also be applicable to the Bank.

Other subjects that are relevant to the Bank, viz. the monetary system, the foreign exchange transactions and the exchange rate, will also be regulated in the abovementioned manner, notably in a mutual agreement approved by national ordinance in the two Countries. The supervision to be exercised by the Bank, as set forth in Article 8, is regulated by uniform national ordinances.

The Regulations themselves provide that the Countries shall guarantee that, insofar as it concerns the objects of the Bank, and the implementing provisions based thereon, their national legislation shall be compatible with these Regulations, and shall also have a uniform date of entry into effect. The Constitution of Curaçao, Chapter 1, Article 2, provides that uniform national ordinances shall be legally applicable in the country Curaçao.

Chapter 6 regarding Legislation and Governance contained in the Constitution of St. Maarten regulates the mode of enactment of uniform national ordinances. Article 87 specifically provides that the procedure of enactment of uniform national ordinances can be regulated by mutual arrangement with one or more countries within the Kingdom whereby the provisions of this paragraph may be deviated from. Such mutual arrangement shall not become effective until it has been approved by national ordinance. The Parliament cannot approve such draft of a national ordinance and cannot recommend such draft unless such approval or recommendation is based on a two-thirds majority of the votes cast.

As regards the adoption of national decrees having the same contents, it is observed that such "uniform national decree providing for general measures" is non-existent. However, it is possible for each of the Countries to enact a national decree of the same contents, thus achieving the same result.

In conclusion, the national legislation and the implementing provisions based thereon, must have a uniform effective date. This is to ensure that – notably the national decrees – shall enter into effect simultaneously even if they are not proclaimed or published simultaneously.

Contents of these Regulations

The most important aspects of these Regulations are set out in the following paragraphs.

Objects

The Bank's objects are:

- a. to promote the stability of the value of the currency of the Countries;
- b. to promote the health of the financial system of the Countries;
- c. to promote a safe and efficient financial flow of transactions in the Countries.

The objects are consciously arranged together in the introductory part of the Regulations, so as to emphasize their importance, thus identifying the Bank's area of activity.

Monetary policy and supervision

The Bank has the primary authority with regard to the monetary policy pursued by the Countries. The Bank establishes and implements this policy. One of the preconditions for a balanced and effective monetary policy is a healthy state of the public finances. This precondition is met through the legal enshrinement and supervision of the budgetary standards which are regulated via the CRW Financial Supervision. The monetary, the economic and commercial supervision and the integrity supervision shall be exercised on the basis of the various supervisory laws. In this regard the Countries will take care that the national ordinances on supervision of the Country the Netherlands Antilles shall be included within their jurisdiction in uniform national ordinances and will continue to be compatible with these Regulations.

Issue of banknotes and coins

In addition to the task of the issuing of banknotes, the present draft also entrusts the Bank with the issue of coins functioning as means of payment. In the past this task belonged to the country the Netherlands Antilles; the BNA was only authorized to issue banknotes. As two countries are now involved, it has been opted for entrusting the issue of coins also the Bank. The monetary system of the Countries will be regulated separately by a mutual arrangement.

Structure of governance

In conformity with the arrangements between the Countries the Board of Management will consist of three members, a president and two executive directors. The president and the executive directors must reach a consensus with regard to decisions to be adopted. If they do not succeed in reaching a consensus, the president shall cast the deciding vote. With regard to the appointment of each of the three members to the Board of Management, a nomination shall be submitted by the Ministers, based on a recommendation of at least five members of the Board of Supervisory Directors. The Board of Management shall be assisted by a branch manager in regard to its duties for the Country St. Maarten.

The supervision and the recommendation regarding the acts of the Board of Management shall be entrusted to a Board of Supervisory Directors consisting of seven members. The chairman shall be appointed by the two countries on the

basis of a joint nomination by the Ministers of Finance, and a recommendation made by the Board of Supervisory Directors. In order to realize the joint appointment of the members the Ministers of each of the Countries will nominate three members for each position. This too, is done on the basis of a recommendation made by the Board of Supervisory Directors. The idea is that three different persons will be nominated per position. This construction aims at establishing parity between the Countries in the decision-making with respect to the Bank.

For certain specific actions of the Board of Management the prior consent of the Board of Supervisory Directors shall be required.

Independence

The members of the Board of Management and the Board of Supervisory Directors must satisfy certain previously specified criteria of expertise and integrity. With regard to the Board of Management and the Board of Supervisory Directors the additional rule is that they must be able to perform their duties in a position of complete independence.

Statutory exemption/exclusion from liability

In pursuance of Chapter III of the Regulations the Bank shall carry out and exercise a number of tasks and powers. These tasks and powers are conferred to the Bank not only by the Regulations but also by other formal rules and regulations, including the National Ordinance on Foreign Exchange Transactions, the APNA National Ordinance (on Pensions) and the National Ordinance on the National Insurance of Exceptional Medical Expenses. In order to guarantee an adequate level of supervision, several international organizations have laid down principles (recommendations and guidelines). The Basel Committee on Banking Supervision, the International Association of Insurance Supervisors (IAIS) and the International Organization of Securities Commissions (IOSCO) have, each of them, established principles for the regulation and supervision, respectively, of the banking sector, the insurance sector and the investment institutions; these principles have to be adhered to and carried out by countries, *casu quo*, by the supervisory authorities. These principles include an exemption of liability (legal protection) for the supervisory institutions. This liability exclusion granted by the various international organization reads as follows;

- Principle 1 of the Basel Core Principles:
“... a suitable legal framework for banking supervision is ... necessary, including ... legal protection for supervisors”
- Principle 3 of the IAIS Insurance Core Principles:

“The supervisory authority: has adequate powers, legal protection and financial resources to exercise its functions and powers”.

- Principle 6 of the IOSCO Objectives and Principles of the Securities Regulation:

“ The Capacity of the regulator to act responsibly, fairly and effectively will be assisted by: ... adequate legal protection for regulators and their staff acting in the bona fide discharge of their functions and powers”.

In the report entitled “ Assessment of the Supervision and Regulation of the Financial Sector” of February 2004 the IMF stated that the Netherlands Antilles has no legal provision, neither is there a regulation for the compensation of litigation costs arising from legal proceedings resulting from the duties and powers exercised by the supervisors.

An important reason for a liability exemption for the supervision is the influence which the threat of judicial action may exercise on the result of the duties and powers exercised by the supervisors.

The formulation of the aforementioned principles of the Basil Committee on Banking Supervision, the IAIS and the IOSCO, as well as the exemption of liability in respect of the exercise of the monetary supervision are aimed at promoting a proper exercise of the statutory duties and powers by the Bank. For that purpose a provision has been included in these Regulations to exonerate the Bank, that is, the Bank’s Board of Supervisory Directors, the Board of Management and personnel, from damage caused in the normal exercise of their duties and powers conferred to them by or by virtue of this mutual arrangement and other formal rules, provided that there is no intent or willful recklessness.

The Bank’s personnel is already protected under Article 170 of Book 6 of the Civil Code. However, in view of the specific recommendations of the IFM and the IAIS it is considered necessary, within the framework of the performance of the supervisory tasks and the required independence, to include this exemption/exclusion clause explicitly for the Bank’s personnel.

Third parties who are exercising duties and powers on behalf or upon instructions of the Bank, including instructions from the Board of Supervisory Directors, the Board of Management or the Bank’s personnel, may invoke the abovementioned exemption/exclusion clause.

A case in point is, *inter alia*, an external expert who is carrying out certain tasks for the Bank as well as managers and trustees contracted for institutions to which the emergency regulations are applicable or who are under the Bank’s conservatorship.

Explanation by paragraphs/subparagraphs

Re ; Article 3 paragraph 1

The following three objects are stated in this article:

- a. to promote the stability of the value of the currency of the Countries. The policy primarily aimed at realizing this objective is the monetary policy. Under article 4 of these Regulations, the Bank formulates the monetary policy and the Countries carry out said policy. The monetary policy aims to promote the stability of the value of the currency of the Countries. The central concern here is to maintain the fixed parity exchange rate with the United States dollar. This is one reason why the Bank exercises the management and control of the foreign exchange reserves of the Countries. The Bank carries out the monetary policy on the basis of various national ordinances (see general section of this explanatory memorandum). An important precondition for an effective monetary policy is a healthy state of the government finances (see the general section of these Regulations).
- b. to promote the health of the financial system of the Countries. Here, reference is made to the economic, commercial and integrity supervision exercised by the Bank on the financial system on the basis of various laws on the supervision. This supervision must guarantee the health, stability and efficiency of the system, so as to safeguard the savings of the public. In this regard the Countries shall take care that the national ordinances on supervision of the country the Netherlands Antilles, are included, within their jurisdictions in uniform national ordinances and that they must be compatible with these Regulations. The areas of supervision are listed in Article 8.
- c. to promote a safe and efficient financial traffic in the Countries. The role of the Bank as bank of issue is important in this regard; the Bank is responsible for the money circulation (see: the general section of this explanatory memorandum). The monetary system of the two Countries will be regulated by a mutual accord. The Bank also regulates the flow of payment transactions with foreign countries. The Bank functions as clearing institution and supervisor of the interbank system of payments.

Re: Article 6, paragraph 3

The draft and the print of the coins are included in the mutual arrangement regarding the monetary system. This is in conformity with the Constitutions of the two Countries.

Re: Article 6, paragraph 6

In case the Bank suspects that a punishable act has been committed by the offeror of banknotes and coins for purposes of payment or conversion, the Bank may demand that the banknotes and coins shall be surrendered without having to pay a compensation for this.

Re: Article 8

The national ordinances which are related to the policy areas listed in this article will be drawn up separately in the two Countries, whereby it is of importance that they are uniform so as to promote a level playing field and the practicability. Reference is hereby made to Article 43 as a transitional provision.

Re: Article 9, paragraphs 1 and 2

Within the framework of the Bank's objectives as stated in Article 3, paragraph 1 subparagraph 10 and also in view of the Bank's duties as described in Article 4, paragraph 1, the Bank will be responsible for the control of the official reserves and for monitoring the use of such reserves. More specific rules with regard to the foreign exchange traffic are included in the mutual arrangement for foreign exchange transactions.

Re: Article 9, paragraphs 4 and 5

For considerations of competition the percentage of the license fee which is charged in the two Countries must be equal, i.e. be included identically in the uniform national ordinances.

Re: Article 9, paragraph 7

Each month the license fees collected by the Bank shall be transferred to the Countries. Once a year, by way of advance payment, settlement of these monthly transfers of the license fees will be effected.

Re: Article 9, paragraph 8

In view of the importance of the stability of the currency it has been opted to establish the rate vis à vis the United States dollars by mutual agreement. Therefore a change of the rate of exchange is only possible with the consent of the Parliaments of the Countries. It is provided in the mutual arrangement that the currency of the Countries shall be the Caribbean guilder.

Re: Article 10, subparagraph 3f

This Article is related to the situation in which the Bank as “ lender of last resort” must have the possibility to exercise its influence on the long-term capital market.

Re: Article 10, subparagraph 6

This article is related to situations in which the Bank acts as “ lender of last resort”. The Bank may, for example, be compelled to issue a guarantee in behalf of small savers with savings in a credit institution that is in dire financial straits.

Re: Article 10, subparagraph 7

This provision has a wider scope than its predecessor in the BNA Statute. It is now possible for the Bank to invest its foreign currency in securities guaranteed by foreign governments and issued or warranted by international organizations.

Re: Article 11, paragraph 1

Contrary to the provisions of the BNA Statute this service will be provided only on the basis of a cost price determined by the Bank. After all, if one of the Countries opt for an institution other than the Central Bank as principal banker, the providing of services to one Country free of charge would be at the expense of the other Country. More particularly, if a service is at the discretion of one Country, then it will be provided against payment.

Re: Article 12

For the present this article has been rendered unoperative by means of Article 42 paragraph 2 until the Kingdom Act on the Financial Supervision of Curaçao and St. Maarten is annulled. The fact is that currently it is provided in the Kingdom Act that, in case of insufficient liquid means, the Countries may temporarily borrow from the Netherlands. Once that Kingdom Act has been annulled, Article 12 will provide the possibility for the Bank to provide advances to the Countries, for which the Countries will have to pay interest at a rate equal to the lending rate.

Re: Article 13, paragraph 1

In combination with Article 10 and Article 12 this article bars the possibility to provide credits to other parties such as Government institutions.

Re: Article 13, paragraph 2

Real estate is mortgaged as collateral security for a loan. In case of sale under execution/foreclosure on account of failure to repay the loan the real estate shall

be sold by public auction. Subsequently the Bank may purchase this real estate since the sale value is very low at that moment and later, when the real estate market has improved, the Bank may sell the property. In this way losses are prevented.

Re: Article 14

This article comprises an exoneration from all liability of civil, administrative and criminal law in behalf of the Board of Supervisory Directors, the Board of Management and the Bank's personnel, for damage caused in the normal exercise of their duties and powers by or by virtue of these Regulations and other formal rules, provided that such damage is not due to intent or willful recklessness. For a further explanation reference is made to the general section of these Regulations.

It is observed, in conclusion, that the terms " Board of Supervisory Directors" and " Board of Management" must be understood to include the individual members of these bodies.

Re: Article 15

This article has been included in order to prevent the bodies and the persons referred to in article 14, from being wrongfully charged for the costs and expenses of judicial proceedings in respect of the duties and powers exercised by them in conformity with these Regulations and other formal rules. In case it is proved in the judicial proceedings that there is intent or willful recklessness on the part of the body or persons concerned, the Bank will not pay the costs arising from litigation. Furthermore, the term " persons" used in this article refers both to natural persons and legal persons, and the term " bodies" shall also be understood to include the members of the organs referred to in Article 14 of the Regulation.

Re: Article 16, paragraph 4

The members of the Board of Management, the members of the Board of Supervisory Directors and the Bank's personnel who have to perform duties in the Countries, are exempted from the obligations referred to in Article 3, paragraph 1, subparagraph f, of the National Ordinance on Admission and Deportation.

Article 18

The importance of the independence of the Board of Management and the Board of Supervisory Directors is guaranteed, *inter alia*, by the adherence to job profiles based on expertise and experience.

Article 20

An appointment, suspension or removal shall be effected by national decree. Although a “ uniform national decree” does not exist, such decree must be uniformly adopted by both Countries, such with due observance of the provisions of Article 3, second paragraph. The appointment, suspension or removal shall be effective from the date mentioned in the uniform national decrees.

Re: Article 21, paragraph 3

In addition to the main office there is a branch office in St. Maarten managed by a branch manager who has the appropriate powers enabling him/her to manage and represent the bank branch. The branch office shall be equipped and manned in such manner that, in addition to operational activities, including cash and clearing, it will also perform preparatory policy-making and executive tasks in the area of investigation and supervision.

Re: Article 24, paragraph 1

Pursuant to Article 32, at least one meeting of parties entitled to the Bank’s assets will be held annually, including the annual meeting, in any case. In this meeting of parties entitled to the Bank’s assets subjects as referred to in Article 32, third paragraph will be addressed. As to other matters the Minister will carry on consultations at least once every six months on the basis of Article 24. These consultations are related to subjects that must be regulated by uniform national ordinance or by the implementing provisions based thereon, such as the appointment, suspension and removal of members of the Board of Management and the Board of Supervisory Directors, the supervisory tasks and the rules for the calculation of the license fee.

Re: Article 24, paragraph 3

This article deals with the annual report issued annually by the Bank.

Article 27, paragraph 2, subparagraph a

The investment of the Bank’s capital shall be effected on the basis of an investment policy established beforehand whereby investments can be made only in the specified securities.

Re: Article 30, paragraph 3

Except if it is contrary to these Regulations the Bank shall adhere to the Corporate Governance Code National Ordinance of Curaçao and the Corporate Governance Code National Ordinance of St. Maarten. The term “ consanguinity”

and affinity up to the second degree" as referred to in the third paragraph shall be understood to mean the following. Consanguinity is the relation between two persons who are descendants of a common ancestor. Affinity is the relationship existing between one spouse or registered partner and the blood relative of the other spouse or registered partner.

Consanguinity 1st degree : parents, children

Consanguinity 2nd degree: grandparents, grandchildren, brothers/sisters

Affinity 1st degree: parents of the partner, children of the partner

Affinity 2nd degree: grandparents of the partner, children of the partner, brothers/sisters of the partner

Article 32

With respect to this article reference is made to the explanation of article 24, paragraph 1 of these Regulations, where a brief explanation is provided.

Re: Article 33

The formula for the calculation of the new share of each Country in the equity capital is as follows:

$$A_{i,t} = \frac{(EV_{t-5} * A_{i,t-5}) + (\Delta EV * V_{i,t})}{EV_t}$$

In which:

A = new share (not in the year of incorporation)

i = of one country

t = year

EV = equity capital

V = apportionment/allocation formula

In the year of incorporation of the Bank the relative apportionment of the equity capital over the Countries is equal to the apportionment formula. After the incorporation of the Bank the apportionment formula shall be calculated and applied anew. In case, it turns out, upon calculation, that the apportionment formula must be adjusted, the consequence of this application is, in principle, that the share of each country in its own equity will be changed. A changed apportionment formula will not affect the apportionment/allocation of the equity capital between the Countries, unless the equity capital has remained unchanged in a period of five years. A change in the equity capital, referred to as accretion, may be positive as well as negative. In both cases this will, in combination with a

changed apportionment formula, lead to a reallocation of the equity capital between the Countries.

The aim of the formula is to express that the new apportionment formula will only be applied on the accretion of the equity capital which has been accumulated in each period of five years. The differences in the pace of growth of the GDP and/or figure of population between the Countries are, after all, only related to the past period of five years and have had no influence on the creation of the equity capital as contributed by the two countries upon the foundation of the Bank.

The foregoing means that as of January 1, 2016, the first amendment of the apportionment formula shall be effected.

Re: Article 33 in conjunction with Article 45

With regard to the contribution of capital, the basic principle is that the capital of the BNA will be contributed to the new common central bank. This means that Curaçao and St. Maarten will utilize their share from the estate division of the BNA for this purpose.

Re: Article 36, paragraph 2

The figures referred to in paragraph 2, are the realized as well as unrealized results.

Re: Article 38, paragraph 1

The external expert referred to in the first paragraph shall be understood to mean a registered accountant within the meaning of the Dutch regulation, an accounting consultant as referred to in Article 2:393, first paragraph, Dutch (Netherlands) Civil Law, a certified public accountant within the meaning of the rules and regulations in the United States, as well as a person who has been admitted by means of a revocable license granted by the Minister of Economic Affairs on the basis of evidence that the person concerned, meets the requirements of competence/capability. These requirements must be at a level that is equivalent to the level of a registered accountant, an accounting consultant as referred to hereinbefore or a certified public accountant as referred to hereinabove. The Minister may make the license subject to conditions.

Re: Article 38, paragraph 4

In case the meeting of the parties entitled to the Bank's assets fails to adopt the annual financial statement/account, it will not be possible to discharge the Board of Supervisory Directors from liability. Said failure to adopt the documents

referred to, may be contested before the Joint Court of Justice of Aruba, Curaçao, St. Maarten and of Bonaire, St. Eustatius and Saba.

Re: Article 42

The effective date of these Regulations will be determined in the appurtenant Adoption National Ordinances of the two Countries, as is described in the general objectives in the general section of this Explanatory Memorandum under the heading " Legal basis".

These national ordinances for the adoption of rules will also regulate how amendments in these Regulations may be given a statutory force in the Countries.

Re: Article 45, paragraph 1

The provisions of paragraph 1 are applicable only to the President and the other Directors under the BNA Articles of Incorporation, that is to say, they are not applicable to the Board of Supervisory Directors.

Upon the entry into effective force of these Regulations new supervisory directors shall be appointed.

Translator's Statement:

I hereby certify the above and the foregoing thirteen [13] pages to constitute a true, full and accurate translation of the Dutch-language original seen by me, in witness whereof I have hereunto set my hand and affixed my Seal of Office on this thirteenth day of June 2011. The translation was done to the best of my ability and without liability.



C.H.R.Redmond

Sworn Translator

[Govt. Decree of 15th April 1981, no. 2, no. 10748/JAZ]

