

ROATÁN FINANCIAL SERVICES AUTHORITY (RFSA)

WHEREAS the Roatán Financial Services Authority (RFSA) is a department within Próspera ZEDE's General Service Provider that has authority under the Próspera Financial Regulation A to promulgate published administrative actions, subject to override by Rule, applicable to persons governed pursuant to Part 3(c) of Próspera Financial Regulation A, for interpretative, investigatory and enforcement purposes.

WHEREAS an adequate regulatory and supervisory regime for voluntary bank liquidations is necessary to ensure maximum protection of client and creditor interests,

NOW, THEREFORE, in accordance with articles 15, 18, 294 and 329 of the Constitution of the Republic of Honduras; 1, 2, 8.2, 12.2, 30 and 45 of the ZEDE Organic Law; Part 8, div. 2, sec. 201 of the Próspera Financial Regulation A; the Proclamation of Formation of the Roatán Financial Services Authority by Administrative Action of the Próspera ZEDE Council of Trustees; and the RFSA Oversight Committee Inaugural Action by Unanimous Consent; all of which are saved from repeal and guaranteed as controlling law under the mandate of Articles 96 of the Constitution, 10.4 of CAFTA-DR, and 16.4 of the Agreement for the Promotion and Reciprocal Protection of Investments between Honduras and Kuwait, as well as a certain amended Legal Stability Agreement approved by Resolutions §§5-1-130-0-0-0-1, 5-1-160-0-0-0-1; 17-A of the Law of the Financial System; the following Administrative Action is hereby promulgated.

RFSA ADMINISTRATIVE ACTION NO. 12**VOLUNTARY LIQUIDATION OF A BANK****Section 1. Initiating Voluntary Dissolution.**

- (1) A bank that is a Covered Regulated Industry Person subject to Próspera Financial Regulation A may initiate voluntary dissolution and surrender its charter as herein provided:
 - a) With the approval of the RFSA;
 - b) After complying with the provisions of the Roatán Common Law Code regarding board and shareholder approval for voluntary dissolution;
 - c) by filing the documents as provided by Part 8, Division 2, Sections 201 and 202 of Próspera Financial Regulation A and this administrative action.
- (2) The shareholders of a bank initiating voluntary dissolution by resolution shall appoint one or more persons to act as the liquidating agent or committee. The liquidating agent or committee shall conduct the liquidation as provided by law and under the supervision of the bank's board. The board, in consultation with the RFSA, may require the liquidating agent or committee to give a suitable bond.

Section 2. Standards for Approval.

(1) In reviewing a voluntary liquidation plan proposed and presented in accordance with Part 8, Division 2, Section 202 of Próspera Financial Regulation A, the RFSA will consider:

- i. The purpose of the liquidation;
- ii. Its impact on the safety and soundness of the bank; and
- iii. Its impact on the bank's depositors, other creditors, and customers.

Section 3. Administrative Procedure.

(1) **Preliminary notice of voluntary liquidation.** A bank that is a Covered Regulated Industry Person that is considering going into voluntary liquidation must provide preliminary notice to the RFSA.

(2) **Submission of liquidation plan and a liquidator.**

- a) After a bank that is a Covered Regulated Industry Person provides preliminary notice of voluntary liquidation to the RFSA, if the bank plans to proceed with liquidation, it must submit a voluntary liquidation plan and a liquidator to the RFSA. A liquidation plan may be effected in whole or part through purchase and assumption transactions.
- b) The bank must receive the RFSA's approval or non-objection to the liquidation plan and liquidator before beginning the liquidation.
- c) The liquidation plan shall include:
 - i. A detailed statement of assets and of any other means of resource mobilization;
 - ii. A Certification by an independent auditor certifying that the bank is solvent and is capable of promptly repaying its depositors and other creditors.
 - iii. A detailed statement of liabilities specifying the amount of each, its preferential or unsecured nature, and whether it is contested or not;
 - iv. A detailed explanation of how the entire liquidation process is expected to be carried out.

(3) **Announcement of Decision.** The RFSA shall announce its decision within one (1) month from the date of receipt of the bank's application for voluntary liquidation.

- (4) **Approval.** Once the voluntary liquidation plan and liquidator have been approved by the RFSA, the bank may enter liquidation and shall stop its normal course of business, its activities will be limited to performing only those necessary for carrying out the voluntary liquidation, which may include, but are not limited to:
- a) Operations of debt collection, either for itself or in representation of foreign banks and financial institutions;
 - b) Total or partial relinquishment of a debt or other movable assets;
 - c) To pay any debt incurred prior to the liquidation decision; or
 - d) To transfer or mortgage any immovable property.
- (5) **Notice upon commencing liquidation.** When the board of directors and the shareholders of a solvent bank that is a Covered Regulated Industry Person have voted to voluntarily liquidate, the bank must:
- a) File a notice with the RFSA; and
 - b) provide notice to depositors, other known creditors, and known claimants of the bank.
 - c) publish on a weekly basis, for two (2) consecutive weeks on its public website and through any other appropriate channel, a notice indicating the locations where items specified in the liquidation plan may be consulted.
- (6) **Comments or Claims by Interested Persons.** Interested persons may express within two (2) months their comments or claims concerning the liquidation plan. Comments and claims on the voluntary liquidation plan are communicated by the liquidator, along with his/her own comments, to any interested person by certified mail against acknowledgement of receipt or by another safe communication channel. After another two (2) months period, the liquidator may engage in negotiations with depositors or other creditors, individually or in groups, the liquidator decides on a suitable voluntary liquidation plan. Interested persons are informed of the final liquidation plan.
- (7) **Report of condition.** The bank's liquidating agent or committee must submit a report to the appropriate RFSA office at the start of liquidation showing the bank's balance sheet as of the start of liquidation. The liquidating bank must submit reports of the condition of its commercial, trust, and other departments to the RFSA by filing the quarterly Consolidated Reports of Condition and Income (Call Reports).
- (8) **Report of progress.** The bank's liquidating agent or committee must submit a "Report of Progress of Liquidation" annually to the RFSA until the liquidation is complete.

- (9) **Final report.** The bank's liquidating agent or committee must submit a final report at the conclusion of liquidation showing that all creditors have been satisfied, remaining assets have been distributed to shareholders, resolutions to dissolve the bank have been adopted, and the bank has been dissolved. The bank also must return its charter certificate to the RFSA.
- (10) **Authorization of Deviation from Procedures.** The RFSA may authorize a deviation from the procedures for voluntary dissolution in this administrative action if the RFSA determines that the interests of claimants are not jeopardized by the deviation.

IT IS SO PROMULGATED THIS 14TH OF JUNE OF 2022.

Alexander P. Rolfe
Alexander P. Rolfe (Jun 15, 2022 10:14 EDT)

ALEXANDER ROLFE
RFSA Commissioner

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