

FINANCIAL SUPERVISORY COMMISSION



Cook Islands

PRUDENTIAL STATEMENT

BPS04

QUARTERLY RETURN

Authority

1. This Prudential Statement is issued by the Financial Supervisory Commission (FSC) pursuant to the provisions of Sections 48 and 65 of the Banking Act 2011 (the Act).

Application

2. This Prudential Statement is applicable to all bank licensees (banks). Foreign licensees shall, for purposes of complying with this Prudential Statement report only on those accounts held by its Cook Islands branch or subsidiary.

Purpose

3. The purpose of this Prudential Statement is to specify the statistical and related information that a bank must submit to the FSC, the required form and frequency for the submission of such information, persons responsible for certifying the accuracy and timely submission of data, the duties and responsibilities of the board of directors, and the confidentiality of such information.

Responsibility for Prudential Reporting

4. It shall be the responsibility of the board of directors (board) to ensure that
 - (1) a bank has internal accounting and recordkeeping systems sufficient at all times to create and maintain properly detailed records and accounts,
 - (2) information required by the FSC is accurate and complete, and
 - (3) prudential returns required by the FSC are prepared in accordance with written instructions as may be issued from time to time by the FSC and that prudential returns are submitted in a timely manner.

5. As appropriate, the board may designate a committee or person to ensure compliance with the above; however, such delegation does not relieve the board of its duty to oversee the affairs of the bank and ensure compliance with the Act and this Prudential Statement.
6. The accuracy and correctness of the information required to be submitted under this Prudential Statement shall be attested to by the chief executive officer of the bank, or such other person by whatever title with responsibility for the overall daily management of the affairs of the bank and the implementation of policies by the bank's board of directors, and the chief accountant of the bank, or such other person by whatever title with responsibility for maintaining the books, ledgers and accounts of the bank on a day-to-day basis.

Reporting Requirements

7. Every bank shall, within twenty-five (25) calendar days following the end of each calendar quarter (31 March, 30 June, 30 September and 31 December) prepare and submit to the Commissioner of the FSC (the Commissioner), in such form and detail and prepared in accordance with written instructions as may be issued from time to time by the FSC:
 - (1) a statement of assets and liabilities and related information;
 - (2) a statement of income and expenses, reconciliation of its capital accounts and provisions for losses accounts; and
 - (3) a calculation of its risk based capital position.
8. The Commissioner may require additional information or the more frequent submission of the Bank Financial Report as may be necessary for the enforcing the provisions of the Banking Act 2011, other applicable laws of the Cook Islands or to assess the condition or operating performance of a bank. Any such request by the Commissioner for additional information or more frequent submission of the Bank Financial Report shall be in writing to the bank and the bank shall be provided at least fifteen (15) calendar days after the receipt of such written request to submit such information in the requested format to the Commissioner.

Enforcement and Corrective Measures

9. If a bank fails to comply with the requirements contained in this Prudential Statement in a flagrant manner which results, or threatens to result, in an unsafe or unsound condition, or submits information to the FSC which is materially inaccurate, the FSC may pursue any or all corrective actions as provided under pertinent sections of the Banking Act 2011 or as may be prescribed by subsequent regulations or issuances of the FSC. Directives or conditions that may also be imposed by the FSC on the operations of the licensee may include but need not be limited to:
 - (1) prohibition from engaging in new activities or from expanding existing activities;
 - (2) suspension of lending, investment and credit extension activities;
 - (3) prohibition from acquiring, through purchase or lease, additional

- fixed assets;
- (4) prohibition from accepting further deposits or other liabilities for borrowed money;
 - (5) prohibition from declaring or paying dividends or bonuses, salary incentives, severance packages, management fees or other discretionary compensation to directors, managers and officers.

Issued by:



Paul Heckles
Commissioner
FINANCIAL SUPERVISORY COMMISSION
1 August 2013