

EXECUTIVE ORDER NO. 182
[repealed by Executive Order 187]
Re-Establishing and Re-Constituting
The National Banking Review Commission

WHEREAS, Executive Order No. 173 created the National Banking Review Commission (hereinafter “Commission”) and set forth the composition, functions, duties, and life span of the Commission; and

WHEREAS, pursuant to Executive Order No. 173, the Commission made preliminary assessments and reports of matters falling within two separate but related subjects, *i.e.*, (1) Palau’s banking laws and regulations and (2) allegations concerning Palau’s banking laws and regulations which brought the Republic into international disrepute; and

WHEREAS, pursuant to Executive Order No. 173, the Commission’s term expired and the Commission was dissolved in June of this year; and

WHEREAS, the reports of the Commission have established that there is a need for continued action by a body committed to banking matters; and

WHEREAS, the reports of the Commission provide a basis for creating a more specialized and focused body to proceed to concentrate on banking matters affecting the Republic, both domestically and internationally; and

WHEREAS, funding appropriated for the operations of the Commission remain in the national coffers and available for use by such a Commission;

NOW, THEREFORE, pursuant to the powers vested in me by the Constitution and the laws of the Republic of Palau, I DO HEREBY ORDER the National Banking Review Commission revived and re-constituted with the form, composition, powers, duties and functions described below.

1. Composition and Organization of the Commission

The National Banking Review Commission shall consist of the following individuals:

Chief of Staff of the President of the Republic of Palau
Legal Counsel to the President of the Republic of Palau
Vice President of the Senate, Fifth Olbiil Era Kelulau
Chairman of the Senate Committee on Banking, Insurance & Financial Institutions, Fifth Olbiil Era Kelulau
Chairman of the House of Delegates Committee on Ways and Means, Fifth Olbiil Era Kelulau
Chairman of the House of Delegates Committee on Banking Corporations, Fifth Olbiil Era Kelulau

Joan Demei, Bank of Hawaii
Joseph Koshiba, Bank Pacific
Emory Mesubed, Bank of Guam
One representative of the Council of Chiefs
National Bank Commissioner of the Republic of Palau

In the event that there is a vacancy in the office of the National Bank Commissioner, the members shall elect a Chairman by a simple majority of the members present and voting. Otherwise, the National Bank Commissioner shall be the Chairman of the Commission.

2. Functions, Powers, and Duties of the Commission

a. Protection of the Reputation of the Republic of Palau

The Commission shall maintain a dialogue with the Bank of New York and Deutsche Bank in order to ensure that the reputation of the Republic of Palau as a jurisdiction which does not tolerate money-laundering or other international or transnational financial crimes is fully restored. The Commission, acting through the National Bank Commissioner, will promptly respond to any future allegations of improprieties committed by Palau banks by instituting an investigation into the validity of such allegations and conferring with the entity making such allegations in order to obtain a retraction and/or address any valid allegations. The Commission, acting through the National Bank Commissioner, will compile and maintain lists of entities which are legitimately engaged in providing banking services in the Republic of Palau or pursuant to a charter or license issued by the Republic of Palau and will compile and maintain lists of suspect and illegitimate entities which are not entitled to provide banking services in the Republic of Palau or pursuant to a charter or license issued by the Republic of Palau. The lists maintained by the Commission will be made available to any member of the public, as well as any law enforcement agency, domestic or foreign, upon request. The Commission, acting through the National Bank Commissioner, may from time to time issue press releases and dispatch correspondence to appropriate bodies describing the state of banking laws and regulations and the enforcement of such laws and regulations in the Republic of Palau in order to restore and retain the Republic of Palau's reputation as a sound banking jurisdiction. The Commission, acting through the National Bank Commissioner, shall report to the President and the presiding leaders of the Olbiil Era Kelulau at least once each quarter on the state of the Republic of Palau's efforts to restore and retain its international reputation as a sound banking jurisdiction.

b. Legislative and Regulatory Initiatives

The Commission shall review and comment on and, as appropriate, draft and propose legislation and regulations to ensure that the Republic of Palau is able to effectively police its banking system and entities operating within that system in conformity with generally accepted international standards. Comments on legislation and/or regulation concerning or having an impact upon banking shall be presented to the President and the presiding leaders of the Olbiil Era Kelulau in a timely fashion to allow for the full consideration of such comments prior to passage or enactment of the relevant legislation and/or regulation. The Commission, acting

through the National Bank Commissioner, shall solicit and may accept technical assistance (in any form, including the mere sharing of information and/or experience) and/or financial assistance from foreign jurisdictions, international organizations, experts in the private sector, and any other appropriate sources concerning legislation and/or regulation of banks and the banking industry. In addition to providing comments on its own initiative, the Commission, acting through the National Banking Commissioner, shall provide advice concerning legislative and regulatory initiatives as requested from time to time by the President or the Olbiil Era Kelulau.

c. Support for and Cooperation with the Office of the National Bank Commissioner

The Commission shall provide support for and cooperate with the National Bank Commissioner and the staff of the National Bank Commissioner to ensure the effective performance of the duties assigned to the National Bank Commissioner. To the extent the Office of the Bank Commissioner is not independently funded through appropriations by the Olbiil Era Kelulau, such support shall include financial support in the form of salary and overhead for the National Bank Commissioner and the staff of the National Bank Commissioner out of funds appropriated from time to time by the Olbiil Era Kelulau for the operations of the Commission.

d. Retention or Employment of Outside Experts/Consultants

Subject to availability of funds provided to the Commission from time to time through appropriations by the Olbiil Era Kelulau and subject to the relevant procurement laws of the Republic of Palau, the Commission may from time to time retain or employ outside experts or consultants, including attorneys, auditors, and other professionals in fields relevant to the Commission's tasks. The Chairman of the Commission shall be deemed the procurement officer for any such retention or employment of outside experts or consultants.

e. Commission's Use of Funds

The Commission shall be funded by appropriations from the Olbiil Era Kelulau and by any foreign assistance which the Commission may successfully solicit for purposes directly related to its operations. Except as provided in paragraphs (c) (financial support for National Bank Commissioner and staff) and (d) (payment for outside experts/consultants), *supra*, no funds shall be used by the Commission to pay any salary or any costs other than reasonable overhead for such items as office supplies, photocopying expenses, telephone and/or facsimile communications, so long as all such costs are reasonably related to the functions and duties of the Commission. The Chairman of the Commission shall maintain at all times accurate books and records of funds provided to the Commission and expended by the Commission, as well as inventories of goods acquired (if any) and contracts reflecting any retention and/or employment of any outside expert/consultant.

f. Participation in International Conferences, Meeting, Workshops and Seminars

Subject to the availability of funds and the approval of the President, the Commission,

acting through the National Bank Commissioner or his nominee, shall have the authority to participate in international conferences, meetings, workshops, and seminars on matters relating to domestic and international banking and financial institutions, the policing of same, and any other matters directly related to the purposes of the Commission.

3. Meetings of the Commission

The Commission shall meet at the discretion of the Chairman of the Commission, but in no event shall the Commission meet less frequently than once every three months.

4. Advisors to the Commission

The Attorney General, the Legal Counsel to the Vice President, and the Tax Counsel to the Ministry of Administration are all directed to serve as advisors to the Commission. The Legal Counsel to the Senate and the Legal Counsel to the House of Delegates are requested to serve as advisors to the Commission. The Commission is urged to fully brief and consult with the aforementioned advisors on all matters of law relating to the Commission's mandate.

5. Duration of the Commission

The Commission shall remain in operation until disbanded by Executive Order.

SO ORDERED THIS 31st DAY OF JULY, 2000,

Kuniwo Nakamura
President of the Republic of Palau