

Graduate Program in Translation  
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H.R. 51: BILL TO CREATE THE PUERTO RICO BUSINESS DEVELOPMENT BANK  
(a translation of the *Proyecto de Ley 51 de la Cámara de Representantes de Puerto Rico*  
presented by House representative Varela Fernández)

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## Translator's Preface

### Introduction

The thesis project titled “Bill to Create the Business Development Bank” inspired me for more than one reason. I decided to embark on this project because of a microeconomics class I took as an undergraduate student, where the professor explained that financial vocabulary was one of the most complex that he had ever studied. After stating this fact, he pointed out that deep diving into the financial language was, by far, the hardest task he had to undertake as a professional, and that up until that point in his life, he still did not have absolute mastery of the terminology. Since then, I have assumed the task of learning as much as possible about the intricacies of the financial world, and attempting to, at the very least, understand the corresponding lexicon. One of the most important aspects of life, whether we like it or not, is understanding money, which is why financial literacy should be a crucial aspect of our education.

The project consists of the translation of a House Bill presented by Representative Varela Fernández to the House of Representatives of Puerto Rico. The main purpose of this bill was to rescind Act 22 of 1985, which created the Economic Development Bank for Puerto Rico and replace it with a new entity under the name of the Puerto Rico Business Development Bank. In so doing, the proposal sought to expand the purposes of the Bank, maintaining the focus on small and medium enterprises (SMEs), expand its powers and create mechanisms for self-sustainability, augment fundraising capacity, while also strengthening its finances, among other objectives. The main reason for translating this document is to give greater exposure to legislation that intends to standardize, as well as facilitate, the processes involved in granting financing, guarantees, and venture capital investment for public entities. The translation of this bill could conceivably facilitate further consideration of similar legislation. The translation may also be of considerable

use to those doing research in related legislation. Bill PC0051 also includes various terminological definitions that could be of great importance for understanding of specialized texts in economics and finance. The translation of these definitions could thus be of future use in creating a glossary of terms for public entities in the economic and banking sectors of Puerto Rico. Lastly, this thesis project will give more exposure to the bills proposed in the House of Representatives, as well as the Senate, and will offer the opportunity to readers to learn where and how to access the bills introduced by these government bodies.

The author proposes the creation of a new public entity despite the economic crisis in which Puerto Rico has been submerged for some years. Representative Varela has been a member of the House of Representatives since 1997. However, the bill was introduced in 2021. I wonder why it took so long for Varela Fernández to introduce this bill and why he chose to try to enact it only a couple of years after Puerto Rico initiated its bankruptcy process. I did research to see if I could find any information about the reasons to create this bill but could not find any evidence. Representative Varela claims that one of the main reasons is because loan portfolios have significantly decreased, although he uses data from 2013. I researched the BDEPR's website to see if I could find the data he referenced and while I was not able to find data from 2013, I did find the bank's financial statements from the fiscal years of 2018-19 and 2017-18. When comparing both years, there is clear evidence that loan portfolios have been decreasing over time. Since there is no evidence or statement from the author of this bill, I hypothesize that representative Fernández wants to increase public lending capacity. This can be sustained by further evidence that I was able to collect. The three largest private banking institutions claim that their lending capacity has seen growth and that there has been a strong loan demand (*Banks in Puerto Rico Maintain Optimism despite Looming Risk of Recession* / *S&P Global Market Intelligence*, n.d.) I do not possess enough

information to come to a conclusion, but I can assume Varela Fernández wants to prioritize public lending. It is also important to note that there is no mention in the text about the Financial Oversight and Management Board, a government entity established by the U.S. Congress in 2016 through the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA). This entity has control of all financial decisions made by the government of Puerto Rico and it is certainly curious that the author of the bill does not consider it important enough to include it as a part of this bill. There were no documents or comments from the Financial Oversight and Management Board about the introduction of this bill or even of the current banking institution BDEPR.

Our job as translators is to render texts that were written in one language, in a target-language version; however, to complete this task, we must first understand the content and the framework of the texts that are being translated. Thus, many translators embark on a semiotic process that first involves an intralingual translation, and finally an interlingual translation. The first process occurs because translators must interpret the specific language used in the texts they are translating, as well as the conceptual and cultural framework of the text. However, it should be noted that it is not the translator's job to simplify specialized texts. It is simply an exercise of understanding what is being written. The second part, after the thorough analysis and understanding of the text, involves the actual task of translating the text into another language taking into account such important aspects such as level of specialization, vocabulary, tone, register, etc. This was the process that I embarked on in developing my thesis project.

The text is divided into several parts that each represent a key aspect of the bill. Each part contains information about the bank, its functions, processes and formalities, leadership, organizational structure, and bylaws. The first part consists of a short introduction about the bill, as well as a description of the general purpose for its inception. Afterwards, the text continues with

the exposition of motives, which provides details of different aspects of the bank, the reasons why it is being created, the services it intends to offer, and the powers and authority the entity will have within the banking sector. The next parts consist of the chapters of the bill, which in turn are divided into sections. In the source text, the bill is divided into *capítulos* and *artículos*. The reason why I initially did not translate these two words into “chapters” and “articles” is because research showed that an “article is a legal rule that can be set out under a statute, a code, or a paragraph in a legal document.” (*Article | Wex | US Law | LII / Legal Information Institute*, n.d.) “Articles” are also used as such when referring to matters that have been agreed upon by a supervising authority, in this case the Legislative Assembly. Furthermore, “sections” are subdivisions in legal documents such as codes, statutes, and textbooks. (*Section Legal Definition of Section*, n.d.). However, upon further consideration and research I decided to use the term “chapter,” and I based my decision on the bankruptcy code, which is divided into chapters (*U.S. Bankruptcy Code | 2020 Official Edition*, n.d.) The bill has three chapters titled constitution, banking services and governance, and each one is divided into multiple sections and subsections.

## Bill Summary

Representative Fernández Varela states in the bill’s “Exposition of Motives” that since the inception of the Commonwealth of Puerto Rico, public policy has established that banks and financial entities must benefit the people of Puerto Rico. The bill claims that the ability of the private financial sector to sustain the economic activity of the country is thereby affected and uses the example of the decrease in loan portfolio with data of 2013. It also states that there are currently only two government financial entities, which is why there is a pressing need to strengthen at least one of these governing bodies for the benefit of Puerto Rico’s economy.

The bill seeks to standardize government functions related to financing of the private sector, thus, focusing more on helping Small and Medium Enterprises. It also focuses on facilitating processes and services with the intent of business creation and development. Furthermore, this new banking entity envisions offerings consultancy and insurance services, in addition to other services that are common for the banking sector such as financing, venture capital investment, and guarantees. Lastly, the bill clearly states that it plans to have the Bank be an independent, self-sustaining, and dynamic entity with the appropriate oversight to promote investments that benefit the people of Puerto Rico.

The bill is divided into three chapters, which are Constitution, Banking Services, and Governance. Each chapter has several sections (no specific amount per chapter) which cover different aspects of the creation of a financial corporation. The chapter titled “Constitution” is composed mainly of the description, purpose, and public policy of the Bank. It also has a section with definitions that are closely related to the services the Bank will be offering, and the entities and sectors with which the Bank will conduct its businesses. The second chapter titled “Banking Services” has information regarding the tasks that the Bank will develop or offering. It describes how it will finance businesses and organizations, including but not limited to loans, debt, international transactions, etc. It also describes and specifies how venture capital investments will be handled, as well as guarantees, insurance, and surety bonds. Lastly, it describes the terms and conditions of its consultancy services. Finally, the chapter titled “Governance” provides details on how the administration of the Bank will be decided and organized. It includes points such as the establishment and composition of the Board of Directors, the term length for each board member, as well as how the Bank will handle its financial stability and the terms and conditions it plans to enforce for lending, investing, and funding. It also describes where and how it plans to protect



funds and allocations of the Bank. The last elements of the bill describe violations and penalties to the members of the Board of Directors, the auditing process it will follow to provide transparency in the public eye, and the relationship that this new banking institutions will have with other public agencies and corporations.

### Translation Challenges

The first two pages of the translation focus on the introduction of the House bill and the statements of purpose for its creation. One of the first decisions I made was to modify the title and tailor it to an English-language version. One of the challenges of changing the title was to find the equivalency in English. An official letter from the Financial Oversight and Management Board, which spoke about Bill 1003 (now Law No. 53 of 2021) was phrased as: “We write to you concerning House Bill 1003, as amended, and approved by the Senate (“HB 1003” or the “Bill”) ...” (*FOMB - Letter - Governor and Legislative Leaders - HB 1003 - October 14, 2021.Pdf - Google Drive*, n.d.) The formatting of the letter was the basis for my decision to translate the title. Furthermore, since the bill starts in a very direct manner, I encountered an issue of how to introduce the House bill from Spanish into English. Since this challenge was about format and style, I decided to review parallel documents of the United States House of Representatives to see how they composed bills. Both versions, the one from the U.S. House of Representatives and the Puerto Rico House of Representatives, were similar in style. The *For the People Act* begins with the phrase “To expand Americans’ access to the ballot box, reduce the influence of big money in politics, strengthen ethics rules for public servants, and implement other anti-corruption measures for the purpose of fortifying our democracy, and for other purposes” (Sarbanes, 2021). It is uncommon for non-legal texts to begin with a preposition, which is why I used a parallel text to

confirm the phrasing of the text. The similarities seen in the styles of both bills could be a result of the influence of Common Law in Puerto Rico, and the realities relating to the island as a mixed jurisdiction existing between Common Law and Civil Law. The most important decision made in the first pages was the name of the Bank that is proposed in the bill. In arriving at this decision, I consulted various websites to see if banks for business development exist in the United States. Unfortunately, the bank that oversees businesses that promote economic development is the Federal Reserve. However, I found that in Canada there is a Business Development Bank, and it is used for the same purposes that the bill proposes (*BDC - Business Development Bank of Canada / BDC.Ca*, n.d.). Canada might also be seen as an apt parallel since it also has mixed jurisdictions.

The target audience of this text is English native speakers, especially those with an understanding of financial processes and legal/political matters. The reason why I specify the intended audience is because both format and legal terminology differ between the Puerto Rico legal system and the U.S. system. It is also important to point this out because of the use of words such as “nation” in the text. At first, I thought of translating “*nación*” as nation. However, due to the political complexity that this word implies, I decided to use “people” instead. By doing so, I remove (although not entirely) the political subtext that implies the use of the word “nation.”

The revisions of the text also helped me discover other problems with the choices I had initially made. The first change in the revision was to use the correct short format of a House bill, which is H.R. 51 and not B. of the H. 51. The reference of the U.S. bill helped me correct this mistake. Secondly, throughout the text, I had misused the word “law” for various contexts. Instead, I used bill and act. This linguistic problem arises for two main reasons, which are the possible mistranslation of the word in Puerto Rico (*Ley* is usually translated as Law instead of Act) and my unfamiliarity with the differences between both.

As I had previously mentioned, the bill is divided into sections. After the first paragraph, which is the introduction of the bill, comes the exposition of motives. My initial translation decision was to translate *exposición de motivos* as “statements of purpose,” but upon further research of previously translated bills, I decided that the appropriate translation would be exposition of motives. Motives are defined as “the moving cause that induces an action” (*Motive Legal Definition of Motive*, n.d.) whereas purpose is defined as something set up as an object or end to be attained.” (Purpose Definition & Meaning — Merriam-Webster, n.d.). Additionally, further research on “statement of purpose” indicated that this phrase is more commonly used to refer to letters of intent or research statements, rather than for bills or laws. One problem I had for the first part of the text was the use of “governmental” instead of “government” to translate *gubernamental*. This was a challenge because of the similarity between words. At first, I did some search about the words and found that governmental was a false cognate to *gubernamental*. Upon further research about the usage and definition of both terms, I found that governmental or government refers to “any entity at the federal, state, county, city or provincial level” (*Government or Governmental Entity Definition | Law Insider*, n.d.). I tried to find a difference between “government” and “governmental” but could not find any reliable source that made a clear distinction between the two words. I used the tool Ngram viewer to refer to the usage of the word and found that “government” as a modifier has seen a steady usage in books ever since 1985, while “governmental” was on a steady decline and is currently outdated. Another problem of style faced in the first part of the text was the format in which dates were written in the source text. This was clarified by my thesis advisor in the revision process.

After the “Exposition of Motives,” the text is divided into chapters that are in turn divided into sections. The title of the Exposition of Motives in the source text is written as follows:

*Decrétase por la Asamblea Legislativa de Puerto Rico.* I initially decided to translate it as “Hereby decreed by the Puerto Rico Legislative Assembly.” The challenge of this part was the initial *decrétase*. I used the adverb “hereby” in this context because of its frequent use in legal texts to declare or state something. However, further research of the usage of the word in the Oxford Dictionary revealed that the meaning of “hereby” is “by this means.” (*Hereby Definition & Meaning - Merriam-Webster*, n.d.) which is basically stating that the following is as a result of this document or utterance. Furthermore, similar texts in Spanish showed that “hereby” would be the equivalent of *por la presente*. The final decision came upon consultation of the translation of Act No. 20 of 2012, which used the format “be it so enacted by the Legislative of Puerto Rico” (“Act to Promote the Export of Services,” 2012) Nonetheless, I chose “decree” instead of “enact” and “Puerto Rico Legislative Assembly” to maintain consistency in my translation.

The text has many acronyms in Spanish, which is why I had to decide how I was going to use them in my translation. I decided to access all official channels on the web to obtain the names officially translated by the government. However, if the entity did not have an official translation, I would leave the Spanish abbreviation and make a clarification statement regarding its origin. One potential problem with this choice is the inconsistency it could pose. Similarly, the decision to use Business Development Bank could also clash with the choice for Small and Medium Enterprises. The clash would be between the words business when referring to *empresarial*, and enterprise when referring to *negocio*.

The complexity of the terminology in the text made me look for several terms to confirm that the meaning in Spanish and English coincided. One of the words was *derogación*, which could be translated into derogation. Derogation is defined as “to annul or detract” (*Derogate Definition & Meaning - Merriam-Webster*, n.d.) In my thesis proposal I chose abrogation, but upon further

research I found that abrogation would mean that the former law would be treated as nonexistent because abrogate is defined as “to treat as non-existent: to fail to do what is required by (something, such as a responsibility)” (*Abrogate Definition & Meaning - Merriam-Webster*, n.d.). This is not what the author of this bill proposes because he makes it clear that there are certain aspects of Act 22 of 1985 that he wants to keep. That is why I chose to use derogation, which implies a deviation from the original law. Throughout the text, there were multiple words that required a dictionary consultation because I needed to compare the English definition with the Spanish definition. Some of these words were repeated through the text, so it was crucial that their definitions were accurate. One of the words was consultancy, which is defined as “the act or instance of consulting” or as “the services provided by a consultancy” (*Consultancy Definition & Meaning - Merriam-Webster*, n.d.). Given the fact that in Spanish there is *consultoría* and *asesoramiento*, I needed to make sure I was using the proper translation to avoid false cognate issues. Another challenge that posed a lexical issue was the usage of the word *pecuniario*. The difference with the previous challenge was the fact that I did not know the true meaning of these words, neither in English nor Spanish. I researched both definitions to compare them and settle on a translation. The Dictionary of the Spanish Language (*Diccionario de la lengua española*) defined *pecuniario* as “perteneciente al dinero en efectivo” (*Pecuniario, Pecuniaria | Definición | Diccionario de La Lengua Española | RAE - ASALE*, n.d.) and I compared it with the English to confirm that I was using the appropriate term, which Merriam-Webster defines as “consisting of or measured in money” (*Pecuniary Definition & Meaning - Merriam-Webster*, n.d.). I settled on “pecuniary” because of these results. In addition, I found current U.S. written bills and acts that support the current usage of the word pecuniary in the current legal system. “The term ‘to predominantly earn a profit’ means that the intent underlying the sale or disposition of firearms is predominantly one of obtaining pecuniary gain, as

opposed to other intents, such as improving or liquidating a personal firearms collection: Provided, that proof of profit shall not be required as to a person who engages in the regular and repetitive purchase and disposition of firearms for criminal purposes or terrorism” (PLAW-117publ159, n.d.). Other terms that required a similar research process were organic law, felony, minute, and derogatory clause. All of them were resolved by using a Spanish definition and comparing it with an English definition.

The specialization of the source text required me to translate it with a higher register. The text is a legal document, which demands legal jargon and register. Moreover, many of the terms used in this bill are financial in nature, which require either previous knowledge or research. Financial and banking terminology can be quite extensive in English, but in Spanish not necessarily. I clarify this statement by saying that this does not mean the Spanish language is more limited in financial or economic terms, but that it has more umbrella terms than the English equivalents. Many definitions overlap into one word, which results into one Spanish word having multiple English financial meanings. That is why it is important to research and understand the terms being used in the text. For example, there is a whole section dedicated to *obligaciones*. This term is defined as “*un título negociable de deuda que empresas y gobiernos ponen en circulación como herramienta para financiarse a través de la captación de nuevos inversores*” (Obligación Financiera - Qué Es, Definición y Concepto | Economipedia, n.d.). However, because the Spanish definition is broad, almost like an umbrella term, the literal translation could be obligation or possibly liability. Upon research, I found a website that directed me to a definition in Spanish that included the English term. The definition provided was “*Los debentures u obligaciones son títulos negociables emitidos por sociedades por acciones que contraen un empréstito importante, dividiendo así su deuda en fracciones, es decir en partes alicuotas representadas por dichos títulos*

*valores*” (*Debentures*, n.d.). I compared this definition to corroborate one last time with the English definition provided by Investopedia and it coincided because it defined it as “A debenture is a type of bond or other debt instrument that is unsecured by collateral” (*Debenture Definition*, n.d.). Furthermore, there was another section entirely devoted to the Bank’s bond purchasing policy, along with the types of bonds offered by the Bank. Bonds (translated as *bonos*) are a type of security, and it is a broad term that encompasses various types of debt instruments. In this text, some of the debt instruments mentioned are convertible bonds, covered bonds, mortgage bonds, etc. This section was difficult because of the overlapping of definitions between debt, bond, and security in Spanish, but especially because the author of the source text used the term *cédula* as bond. I resolved this translation problem by researching what the term meant in Spanish, especially in a financial context. The result was that it is an asset similar to a bond, which in turn is emitted as medium or long-term debt (between 3-10 years) and it is usually associated with mortgaging. It is issued by banks, and it is used to grant mortgage loans (*Cédulas Hipotecarias: Definición y Tipos / BBVA España*, n.d.). I tried to find the term in English by using the description provided above and the resulting term was mortgage bond. The other step I took was trying to discover why did a BBVA source described *cédula* as an instrument *like* a bond. I was unable to find a specific reason, but there is no other term that I could find that matched the definition provided in Spanish aside from mortgage bonds.

I created a sample table that includes terms translated literally into English from the Spanish to show how on many occasions one word can mean something more specific in the financial language. The table was created with the purpose of recording equivalencies for future texts and to present evidence that further research is needed when conducting a financial translation. Furthermore, the inclusion or omission of a modifier in Spanish can also change the

meaning of the word, hence the translation (e.g., *cédula hipotecaria*). I also included those cases in the table. Ultimately, it is also important to know that cognates play a factor even in specialized texts such as this one. It is relatively easy to confuse terms that look similar, yet which are completely different in meaning when translated into English. The results are presented below.

**Table of Literal Translations vs The Translations Used: Cognates and Language Diversity**

Source text Spanish term	Literal translation of the term	Final translation
Obligaciones	Obligations/liabilities	Debenture
Cédula	Card/ID	Mortgage Bond
Ley	Law	Act
Inversión de capital de riesgo	Risk capital investment	Venture capital investment
Contrato	Contract	Agreement
Derogar	Derogate	Rescind
Sociedad/Social	Society/Social	Corporation/Corporate
Negocio	Business	Company

The technical aspect of the text posed a challenge for me as a translator because many aspects of the text include procedures and practices that are not commonly known by people outside the banking sector. To translate terms such as letter of credit, repurchase agreement, purchase and sale agreement, reciprocal insurance exchange, etc., I had to research how certain processes were conducted, e.g., how to apply for consumer loans. I also had to reference official government sites in Puerto Rico and the current laws for the sale of insurances in Puerto Rico. It was important to have an accurate understanding of the laws, procedures, and bureaucracies of the



Puerto Rico Office of the Commissioner of Insurance, so I could render the appropriate translation of the terms used in the country. There were other procedures included in my research—such as how to conduct escrow processes, understanding the assigning of mortgages, and how bank drafts work—which I needed to understand simply to include them in my translation.

The source text is filled with acronyms of the different government entities involved in the Puerto Rico banking sector and the economic development sector. Something I found to be challenging was finding a translation of the name of each of these entities. After browsing through their official websites, I discovered that some government agencies do not have an official translation. The fact that some agencies are not translated into English poses a challenge when referencing them within the translated version. It is even more challenging to find the acronym translated into English, although some entities, like the Government Development Bank for Puerto Rico (*Government Development Bank for Puerto Rico*, n.d.) do have an English-language acronym. I made the decision of translating myself, to the best of my abilities, each agency name without an official translation. Furthermore, I added between parentheses the acronym and specified that it stood for the name of the entity in Spanish. I created a table of all the agencies or entities that I used an acronym to facilitate the reading of this text. The table can be found below.

**Table of Acronyms of the Puerto Rican Government Agencies or Entities Used in the Text**

<b>Name of Agency in Spanish</b>	<b>Name of Agency in English</b>	<b>Acronym Used</b>
Banco de Desarrollo Económico para Puerto Rico	Economic Development Bank for Puerto Rico	BDEPR*
Departamento del Desarrollo Económico y Comercio	Department of Economic Development and Commerce	DEDC
Banco de Desarrollo Económico	Government Development Bank	GDB

Oficina del Comisionado de Instituciones Financieras	Office of the Commissioner of Financial Institutions	OCFI
Director Ejecutivo de la Oficina de Gerencia de Permisos	Executive Officer of The Management and Budget Office	OGPE*
Pequeñas y Medianas Empresas	Small and Medium Enterprises	SME

**\*These acronyms were written in their Spanish version in the target text**

Being a translator is synonymous with decision making, and within this thesis project I made decisions that generally added necessary information for the comprehension of the text. One example is the addition of the word “economic” next to “activities” in the section of definitions, specifically, the venture capital definition. The source text defined venture capital as “capital oriented to projects, business and activities located in Puerto Rico.” However, I decided that the activities needed to be defined and specified, so I modified activities with the word economic. The main reason for making this decision was because legal texts are highly specific to avoid misinterpretations of the laws, bylaws, rules, etc., so it is important to clarify all aspects that may seem vague to readers. Other decisions that I made were based on terminology research. In the section of definitions, particularly the Small and Medium Enterprises, I encountered a linguistic problem with *empleados de referencia* and *ventas de referencia*. I solved this issue by doing terminology research in websites that specifically referenced the processes of small and medium enterprises in applying for consumer loans, organizing its management and staff, drafting financial reports, etc. In the end, based on the results found, I settled for benchmark number of employees and benchmark sales (How to Benchmark Sales for a Start-Up, n.d.).

The most obvious challenge while translating this text was maintaining consistency of the terms repeated throughout the bill. One of the challenges was translating the words *empresas*,

*negocios, compañía, corporación, and organización.* These words have subtle differences between them, and when translating I had to be aware of the consistency in English. The words that I chose were business, company, corporation, enterprise, and organization respectively. All of them were chosen through the comparison of their definitions in English and Spanish.

The bill references various other acts to provide context and insight and to evidence that the approval of this project will not interfere with the laws established in the Puerto Rico banking sector and will comply with the regulations set forth by the agencies in charge of the oversight of financial institutions. I consider this to be the intertextuality of the legal discourse because based on research, referencing other bills, acts, or legal documents within a legal text make it clear, precise, unambiguous, and all-inclusive (Bhatia, 1998). I used the translated version of the Constitution of Puerto Rico as reference for the official translation of the Acts mentioned in the source text.

The last challenges I had involved using the appropriate lexicon in English and abiding by grammatical rules. One term that was especially challenging for me was the translation of the word *ligada* used in the sixth paragraph of the “Exposition of Motives.” Originally, I used the word “tied.” However, based on the suggestions of my advisor, I decided to investigate a more appropriate translation of the word. I researched encyclopedias and thesauruses in Spanish and English to understand if there was any other word aside from “linked” that I could use. I decided to use *associated* because of the context presented in the source text. There were other words that also added difficulty to the translation process, but because of the simplicity of this one, I believe it was the hardest. I also had problems with terms like director, officer, chairman, etc. I resolved this challenge by using charts that explained the hierarchy in a corporation and the duties each one has within it. Finally, the use of prepositions and conjunctions was something I had to work on

through the translation, especially to keep consistency through the text and to comply with English grammar rules.

Both my advisor and I found two main errors in the source text in terms of numbering. The first one was in the numbering of sections. After section 2 titled Public Policy Statement and Creation, the following section titled Definitions should have been numbered with the number 3. A translator's note was made to point out the mistake. The other mistake was in section 4 titled Financing where the author of the source text wrote "sixty billion dollars" but had three zeros missing. This may be due to the fact that there is a constant misuse of the word "billion" and "billones"; a translator's note was made to point out the mistake.

I used the *Chicago Manual of Style* through the project for two reasons. The first one was because I did some research through the Chicago Style and the Purdue website, and they both recommended the use of this style guide (*Chicago Style Format for Papers | Requirements & Examples*, n.d.). I referenced the style guide and used Mendeley as a reference manager to complete the bibliography and make the process easier. Furthermore, I used Black's Law Dictionary as a general resource to confirm the definition of certain terms that required a specialized dictionary to corroborate the meaning in a legal context and if their use is current. Words such as debentures, pecuniary, obligations, bonds, rescind, derogate, abrogate, etc. ("Black's Law Dictionary – Free Online Legal Dictionary," n.d.). Lastly, I used Marina Orellana's *Glosario internacional para el traductor* as a resource to find the translation of words that I did not know how to translate (Orellana, 2013). Instead of using an online translator system like Linguee, I chose to use the glossary.

My last revision of the text included some final changes like the name of the Economic Development Bank for Puerto Rico, which upon revision of the organic law is the actual name

instead of the Puerto Rico Economic Development bank (*ECONOMIC DEVELOPMENT BANK FOR PUERTO RICO*, 2022) Moreover, the name of Management and Budget Office was also changed after corroboration of the organic law (*LAWS OF PUERTO RICO - ENGLISH | PAW Document Page*, n.d.) I also changed some of the titles of the executives who run the public offices mentioned in the text. Furthermore, there was one act that I did some more research due to suggestions of the readers of the text. It is the Puerto Rico Public Service Personnel Act, which I confirmed exists and has the titled I used (*§ VIII. Personnel Administration, P.R. Laws Tit. 3A, § VIII | Casetext Search + Citator*, n.d.) Lastly, I used the Laws of Puerto Rico Unannotated as reference to make certain decisions about bill names (*Puerto Rico | Public Access | Main Page*, n.d.)

In conclusion, I enjoyed translating this bill into English because it challenged me to get a better grasp of highly specialized language. I can also say that the topic and style of the source text motivated me to research and deep dive into the world of finances. Since I started the Graduate Program in Translation in 2019, I set a goal of specializing in financial translation. The thesis project was a steppingstone that helped me understand the processes of the banking sector and terminology to which I had not been fully introduced before. I also believe that even though it was not initially my goal to immerse myself in legal translation, I began to enjoy it and develop a taste for it. Both translation genres are heavily tied together, and it was a humbling experience to have to translate financial matters in a legal context. It is satisfying to know that I was able to officially finish this academic project through research, diligence, and hard work.

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GOVERNMENT OF PUERTO RICO

19<sup>th</sup> Legislative  
Assembly

1<sup>ST</sup> Regular  
Session

HOUSE OF REPRESENTATIVES

**H.R. 51**

JANUARY 4, 2021

Presented by Representative *Varela Fernández*

Referred to the Commission of Economic Development, Planning, Telecommunications,  
Public-Private Partnerships and Energy, and to the Small and Medium Enterprise and  
Permits Commissions

**A BILL**

To create the “Puerto Rico Business Development Bank” (hereinafter, the “Bank”) as a corporation and instrumentality of the Commonwealth of Puerto Rico and successor in interest of the Economic Development Bank for Puerto Rico (hereinafter “BDEPR,” for its Spanish acronym); to expand its purposes, while maintaining its main focus toward the “Small and Medium Enterprises” (SMEs); expand its powers and create mechanisms for its self-sustainability, fundraising, and to strengthen its finances; offer financing, investment, guarantees, consultancy and insurance; organize the organic law of the Bank in accordance with these purposes and facilitate its understanding; link the management



of the Department of Economic Development and Commerce (hereinafter “DEDC”), while maintaining the financial and administrative independence of the Bank; standardize the means to grant financing, guarantees and venture capital of government agencies and public instrumentalities, and empower the Bank to establish collaboration agreements for these purposes; order government entities issuing permits, licenses and certificates of good standing to implement processes that prioritize requests from the Bank; create the “Certificate of Compliance with the Puerto Rico Business Development Bank” and order these government entities to obtain this certification as a requisite or condition for the granting of credits, incentives, exemptions, donations, sponsorships and any type of government benefit; rescind Act No. 22 of July 24, 1985, as amended, known as the “Economic Development Bank for Puerto Rico Act,” as well as any law or part thereof that is inconsistent with the provisions of this Act; and for other related purposes.

#### EXPOSITION OF MOTIVES

Since its inception, the Commonwealth of Puerto Rico has established a public policy of economic development that benefits our entire people. One of the main tools for this economic development is the availability of financing and capital for Puerto Rican businesses. The process of offering commercial financing in Puerto Rico falls under the responsibility of the banks and other private financial institutions. It also falls under the responsibility of some government entities with government-funded allocations of the Commonwealth of Puerto Rico or of the Federal Government for the purposes herein described, and in very specific and extraordinary circumstances, under the Government

Development Bank of Puerto Rico (hereinafter GDB), but usually under the BDEPR, created through Act No. 22 of July 24, 1985.

In these times, the availability of private bank funds to sustain the economic activity of the country continues to be affected by the reduction in the growth rate of deposits and investment funds or mutual funds. Loan portfolios have dramatically decreased: from \$63.298 billion at the end of 2008, to \$44.864 billion in 2013, according to the data from the Office of the Commissioner of Financial Institutions (hereinafter “OCFI”).

The BDEPR and GDB are the only government institutions with banking structures for commercial financing subjected by law under the supervision of the OCFI. However, the GDB is focused essentially on its mission to promote the fiscal competitiveness of Puerto Rico and serve as a bank and fiscal agent of the government and its instrumentalities, while always maintaining the option of financing and investing in private economic activities of great importance for Puerto Rico.

Against this background, and in accordance with the commitments of the current administration, as stated in its government plan, it is necessary to renew and strengthen the Bank: the only government financial institution specifically designed to finance and promote the business and commercial sector within the framework of the country’s economic development. The Act presented herein aims to standardize the processes of the government to finance the private sector. Therefore, this Act provides for public

agencies and corporations to use the Bank as a financing arm for businesses in the private sector since it has the structure and expertise to offer banking services. This includes the transfer of funds that are intended for financing to the Bank, guarantees or investments, in exchange of its expertise, and the payment of interests to nourish the fund. The Bank and the government entity shall sign agreements for the management of the fund with the terms and conditions needed to comply with the public policy of the government entity. Thus, the money held by the agencies for finance or investment in a business or commercial activity shall be properly used and shall fulfill its purpose of supporting the entrepreneur while executing its public policy.

The new assigned name, the “Puerto Rico Business Development Bank,” identifies the institution directly with the business sector and facilitates the proposition of its banking services, which are aimed primarily at promoting business creation and development; it also highlights the distinction between the DEDC, GDB, and other instrumentalities of the government, which are associated primarily to the management of public policy over economic development.

Consultancy and insurance services shall be added to the traditional ones (financing, venture capital investing and guarantees). Consultancy services meet the demands of the private sector to draw unrestrictedly from the Bank’s accounting and financial expertise, acquired over almost thirty (30) years of history. Restrictions arose from the concept of “lenders liability,” which prevented the Bank from participating in consultancy services.

For example, when evaluating a business plan. Through the immunity granted hereby, the Bank shall be able to offer a service cultivated by its experience, which could imply savings in costs and time to the entrepreneur. The insurance service is added to the consultancy offer in such a manner that the entrepreneur can receive everything needed to make the financing and investment process viable through the same agency. At the same time, it makes the process of approving and granting financing and investments safer, more prudent, and less risky. In this regard, the Act provides for the Bank to submit to the supervision of the Office of the Commissioner of Insurance of Puerto Rico.

Lastly, we highlight that this Act provides for the Bank to have the necessary powers and duties to operate and function as an independent, self-sustained and dynamic economic development entity, making the necessary and appropriate investments in the achievement of its purposes for the benefit of the People of Puerto Rico.

*BE IT SO DECREED BY THE PUERTO RICO LEGISLATIVE ASSEMBLY:*

## CHAPTER I- CONSTITUTION

### SECTION 1 – NAME OF THE ACT

This Act shall be known as the “Puerto Rico Business Development Bank Act.”

### SECTION 2 – PUBLIC POLICY STATEMENT AND CREATION

- (A) It is the public policy of the government of the Commonwealth of Puerto Rico and of the Business Development Bank to respond with financial strength, agility, and efficiency to the financing needs of Puerto Rico’s private sector, as well as to

strengthen government financial support vehicles for all types of private enterprises, for profit or non-profit.

- (B) It is the public policy of the government of the Commonwealth of Puerto Rico to empower existing Small and Medium Enterprises (SMEs) and those enterprises created by entrepreneurs with new ideas and products that might increase the country's competitiveness, as well as the expansion efforts of companies in Puerto Rico toward the export of goods and services to other parts of the world.
- (C) A corporate and political body is created that shall constitute an instrumentality of the government of the Commonwealth of Puerto Rico, which shall be known as the "Business Development Bank," hereinafter referred to as the "Bank."
- (D) The purposes of the Bank (1) are to promote the private-sector development of Puerto Rico's economy through the financing of enterprises and organizations located in Puerto Rico or those that are located outside of Puerto Rico with offices or subsidiaries located in Puerto Rico that produce a positive and significant economic impact for Puerto Rico, one that has been certified and evidenced in a manner acceptable to the Bank, and (2) establish substitutes for imports and increase exports in the interest of suitably balancing Puerto Rico's economic equation.
- (E) The Bank shall have its own legal personality and existence separate from the government of the Commonwealth of Puerto Rico and of any of its agencies, instrumentalities, or public corporations.

- (F) The Bank shall be affiliated with the DEDC so that the supply of capital and financing from public funds to the private business sector is clearly linked to the public policy on economic development of the Commonwealth of Puerto Rico. This link requires that the DEDC ensure that the public entities affiliated with the aforementioned department and the Bank plan and execute their work in a coordinated manner. Nevertheless, the Bank shall maintain its organizational, administrative, and financial independence at all times.
- (G) The Bank's debts, obligations, agreements, promissory notes, receipts, expenses, accounts, funds, undertakings, and properties shall be the sole responsibility of the Bank and not of the government of the Commonwealth of Puerto Rico, its agencies, instrumentalities, and public corporations.
- (H) The Bank shall have perpetual existence.
- (I) The main offices of the Bank shall be in San Juan, Puerto Rico. However, the Bank shall have the authority to establish offices and branches within and outside Puerto Rico, as approved by its Board of Directors.
- (J) Notwithstanding any other provision of law to the contrary, the Bank shall be liable for all efforts to provide public financing through loans, lines of credit, equity investments or any other method of financing or investment directed to private sector businesses or organizations in Puerto Rico. Any agency, instrumentality, public corporation, or government department with funds earmarked for granting any financing mechanism for businesses and organizations of the private sector shall be required to use the Bank for said

purposes; however, the foregoing shall not apply in the case of incentives and contributions that do not entail repayment.

## SECTION 2 [*sic*] – DEFINITIONS

- (A) Economic Activity: Any action or process by which products, goods, services, or ideas are offered or procured for the individual or collective wellbeing and livelihood, and that create or generate, or that has the potential to create or generate wealth, employment, import substitutions or increase in exports, as permitted by law.
- (B) “Economic Development Bank for Puerto Rico”: A public corporation of the Commonwealth of Puerto Rico, created through the hereby submitted Act No. 22 of July 24, 1985, which is in turn rescinded by virtue of this Act, and which is replaced and succeeded by the Puerto Rico Business Development Bank, hereinafter the “Bank,” in all its capacities, powers, rights, and obligations.
- (C) Venture Capital: Capital oriented to projects, businesses, and financial activities located in Puerto Rico for which private businesses do not easily obtain traditional capitalization.
- (D) Customer: Any individual or legal entity who receives any service of the Bank whether, for, e.g.,, financing, investment, guarantee, consulting, or insurance, or surety bonds.
- (E) Entrepreneur: The person who undertakes a work, or organizes and operates one or several businesses, through innovation and creativity, assuming some financial difficulty or risk in such undertaking.

- (F) Business: Individual, micro, small, medium, large-sized, or multinational organizational unit devoted to financial activities such as: industrial, mercantile or services rendered for profit.
- (G) Government of the Commonwealth of Puerto Rico: At all times, it shall be referred to as the government of the Commonwealth of Puerto Rico.
- (H) Board of Directors: The governing, decision-making and administrative body of the Bank, referred to herein as the “Board”.
- (I) Organization: A structure, with or without legal personality, designed to achieve objectives by means of human resources with the aim of optimizing the public and social wellbeing, operating for profit or non-profit.
- (J) Small and Medium Enterprises (SMEs): Private businesses that in general have limited access to capital because of lack of sufficient liquidity or collateral to back their loans, but that, nonetheless, demonstrate financial and operational capacity to strengthen and grow their businesses. The Bank shall have the capacity to expand or modify this definition from time to time through regulation, by adding or substituting through the criteria of volume, such as: number of employees in the company, benchmark number of employees, company’s sales in dollars and benchmark sales, or creating formulas with all or some of these criteria.
- (K) Chairman or Chairwoman of the Bank: The chair and appointing authority of the Bank.



- (L) Private Sector: Persons or legal entities that are not, nor are a part of, any of the constitutional branches of the Commonwealth of Puerto Rico.

## CHAPTER II - BANKING SERVICES

### SECTION 4 - FINANCING

(A) Businesses and Organizations in general

- (1) The Bank shall have the power to lend money, with or without collateral, to any business, or corporate or commercial organization that promotes the retention or creation of one or more jobs in the private sector, whether for profit or non-profit. Bank loans shall be evidenced through promissory notes, debentures, government bonds, convertible bonds, certificates with the right to acquire securities, equipment certificates in trust, securities received through the organization of the entity issuing them, or other obligations or documents of such debtors.
- (2) In its efforts to finance entrepreneurial activities to promote and support the economic development of Puerto Rico, the Bank shall be able to undertake larger risks than private banking institutions. Notwithstanding the foregoing, in exercising its discretion to approve both eligibility and terms and conditions for financing, the Bank shall at all times endeavor to protect the public funds of which it is the custodian, applying prudent credit practices, which include but are not limited to requiring evidence of

character, credit, collateral, equity, management capacity, and historical or projected repayment capacity.

(3) The Bank shall not approve any financing or investment facilities for personal transactions (consumer loans), speculative activities or businesses, for the purchase or lease of private residences, or for buying minority stakes in businesses and illicit activities, or those that are contrary to morality or public order, or others of similar nature. The Bank shall have the capacity to expand or amend by regulation the prohibitions established herein.

(4) When the use of the monies to be obtained, or those that have been obtained through financing, are for the purpose of advancing funds, pending the formalization of an agreement or the payment of an invoice or debt with any public agency or corporation of the government of the Commonwealth of Puerto Rico, said agency or corporation shall have the obligation of updating the Bank every two weeks regarding the status of the procedure to formalize the agreement or the payment of the invoice or debt.

(5) The total debt owed by any borrower to the Bank:

(a) Shall not, at any time, exceed ten percent (10%) of the capital and surplus of the Bank.

(b) The margin established in the previous subsection may be expanded from ten percent (10%) of the capital and surplus of the Bank to fifteen

percent (15%) of such capital and surplus, provided that all of the following conditions are met:

- (i) The portion of the loan in the amount of the ten percent (10%) of the principal and surplus of the Bank at a minimum is fully collateralized in a manner acceptable to the Bank; such that it covers the total amount of such portion.
- (ii) The excess, of up to fifteen percent (15%) of the Bank's capital and surplus shall be secured by collateral acceptable to the Bank, the value of which exceeds the additional margin expressed herein by twenty-five percent (25%).

Notwithstanding the foregoing, the Bank's Board of Directors may establish from time to time, the maximum amount of the total debt per borrower, within the limits previously established in this section.

(6) Other financing products: The Bank shall have full authority to, with the approval of its Board of Directors, design and offer services for deposit accounts, credit cards and any other banking service in nature to any for-profit or nonprofit business or organization within the private sector.

(7) International Banking: The Bank of itself, or through the services of international banks, in accordance with Act No. 52 of August 11, 1989, as amended, shall have the power to provide financing to local businesses in commercial transactions outside of Puerto Rico provided that the positive

impact that such international financing would have on Puerto Rico's economic activity is evidenced in a manner acceptable to the Board of Directors.

(8) Exchange financing products and services: In its role to provide support to businesses in individual and international transactions, the Bank shall be authorized to offer all manner of letters of credit, including but not limited to, letters of credit for exports and imports, letters of credit for guarantee or payment compliance (commonly known as Standby Letters of Credit) and any other guaranteed instrument to secure the repayment of an obligation.

(9) Priority Financing: The Bank shall have the power to give priority in responding to financing requests for businesses engaged in financial activities that, from time to time, are deemed as a priority for the fulfillment of the public policy on economic development as set forth in the primary instance by the Executive Branch through the DEDC, and the corporations affiliated with such department; and for the agencies, instrumentalities, and public corporations that promote activities, including but not limited to entrepreneurship in food security activities, environmental safety, generation and consumption of energy derived from alternative sources, strengthening of human infrastructures, employee retraining, renovation of public and private infrastructures, increasing export indices, expanding the industrial base, promoting

Puerto Rico, touristic activities, and greater stimulation for research and development. This power shall be exercised discretionally by the Bank, always considering the health of its finances, its responsibility in the management of public funds and the overall continuity of the institution.

(B) Investments and Other Transactions with Banking or Financial Institutions

- (1) Investments: The Bank shall have full authority and capacity to reach agreements with other banking or financial institutions authorized to conduct business in Puerto Rico, to participate in financing and investments in entities with businesses operating in Puerto Rico.
- (2) The Bank may lend securities, on bases that are known as “fully secured” to any of the following entities:
  - (a) Any bank or trust company incorporated under, or subject to the Puerto Rico Banking Law (the Banking Law) (7 L.P.R.A § 1 *et seq.*).
  - (b) Any bank or financial institution incorporated under the laws of the United States of America (“United States”), of any of its states or territories, and that is subject to regulation as a banking entity by a federal or state agency.
  - (c) Any branch or agency in the United States of a bank incorporated under the laws of a foreign country, provided the entity is subject to regulation as a banking entity by a federal or state agency, and
  - (d) Any broker-dealer or investment company that is registered as such, with the following:

- (i) The Securities and Exchange Commission of the United States under the Securities and Exchange Act of 1934 or the Investment Company Act of 1940, as applicable, or
  - (ii) The Office of the Commissioner of Financial Institutions of Puerto Rico including under Act 93-2013.
- (3) The Bank may enter into transactions for the purchase and sale of securities with repurchase or resale agreements or swap operations (as it is commonly called in the financial sector) in accordance with the policies established by the Board of Directors.
- (4) The Bank may also lend money on a short-term basis even if the borrower or debtor has facilities available at banks incorporated under, or that are subject to, the Banking Law.
- (5) The Bank shall have the authority to negotiate with and grant to any bank, investment bank or issuer of securities or other financial institution, provided such entity has (either directly or through guarantees) a high credit rating (no less than investment grade), one or more qualified swap agreements with the Bank, as the Board determines to be in the best interest of the Bank with regard to any of its obligations, or otherwise, in relation to the management of risks or costs of the Bank related to the fluctuation of interests rates, investments, changes in price levels or credit risks of any obligation, or in relation to obtaining financial benefits

equivalent to a reduction in interest rates or on outstanding bond debt services to generate revenue for the Bank of at least sixty million dollars (\$60,000,000.00) under such terms and conditions that the Board may determine to be in the best interest of the Bank; provided that the requirement of high credit rating, or no less than investment grade, shall not apply to the GDB or other government entities of the Commonwealth of Puerto Rico. The Bank shall not grant a qualified swap agreement for any purpose other than to address the risks or costs related to fluctuations in interest rates, investments, changes in price levels or credit risks of any obligation or related to obtaining financial benefits equivalent to reductions in interest rates or outstanding bond debt services. A qualified swap agreement with the Bank may provide that the Bank's payments under said agreement are based on a fixed or variable interest rate computation method. The Board of Directors shall not carry out broker functions or any other similar role in the Bank's qualified interest rate swap agreements, nor shall it enter in said agreements with the purpose of financial speculation.

A qualified swap agreement with the Bank may be granted in relation to its specific obligations, which may consist of multiple series or issuance of debentures, as specified by the Board of Directors. The qualified swap agreement with the Bank may be granted prior to, concurrent with or subsequent to, the issuance or the date of incurrence of the obligations with the Bank to which such

agreement relates. Any qualified swap agreement with the Bank may be granted for a nominal amount of up to, but not exceeding, the amount of principal (or its equivalent) of the obligations related to the Bank's qualified swap agreements.

The life of the qualified Bank swap agreement may be as long as or shorter than the term of the obligations to which such qualified Bank swap agreement relates.

## SECTION 5 – VENTURE CAPITAL INVESTMENTS

(A) Subject to the discretion of the Board of Directors, the Bank has the power by itself or through any other public or private entities, subsidiaries or affiliates, to invest in industrial, commercial, agricultural, hotel, and service industry concerns, and of any other nature, operating in Puerto Rico, without the foregoing being understood as a limitation, through the acquisition of common or preferred stock, as well as capital obligations of said businesses, and it may exercise any and all rights and powers relating thereto or related therein. The Bank shall emphasize investments for growth. However, from time to time, the Bank shall establish the criteria under which it may consider investments for start-up companies, or those at an early stage of development, except for businesses in the stage of research and development of intellectual property (R&D for its acronym). The latter shall be subject to a rigorous risk and return analysis in accordance with the acceptable practices for the banking and capital investment industries.

(B) The Bank may collaborate with other public and private entities to direct the efforts of the government of the Commonwealth of Puerto Rico toward the



development of the industry of Venture Capital, as an important mechanism to finance projects that propel the economic development of the country.

## SECTION 6 – GUARANTEES

(A) The Bank may guarantee the payment of principal and interest on loans granted by other financial institutions to persons or private entities when said loans are to be used for the purposes, and under the terms of this Act, and when said guarantee is backed by an allocation of funds of the Government of the Commonwealth of Puerto Rico or the Federal Government to the Bank for said purposes, and the amount of the allocation therein is deposited in the Bank.

(B) The Bank shall establish, from time to time, the percentage of maximum capital and the maximum percentage for each financial facility under this Section.

## SECTION 7 – CONSULTANCY

(A) The Bank shall have the discretion to engage in the process of all types of consultancies to businesses interested in submitting an application for financing prior to filing for a loan or investment application and during the determination and closing process, so that the entrepreneur may benefit from the Bank's specialized knowledge and experience.

(B) The Bank may provide advisory services or enter into agreements with third parties dedicated and specialized in business counseling and guidance to delegate the service described in subsection A of this section.

- (C) The business consultancy and guidance offered by the Bank shall not be interpreted under any circumstances as a guarantee that the financing or the terms and conditions requested will be approved.
- (D) The Bank may charge for the services described in subsections (A) through (D) of this Section 7.
- (E) In its consultancy services, directly or through third parties, the Bank or its directors, officers, employees, or agents shall not assume or shall not be held civilly liable for the results derived from such consultancy.

## SECTION 8 - INSURANCE AND SURETY BONDS

The Bank shall have the capacity to issue and underwrite insurance, surety bonds and any other type of risk instruments of a similar nature so as to ensure a wider and more comprehensive range of services, in tune with the needs of its customers and the market. In accordance with the foregoing, the Bank may engage directly or indirectly in the insurance business, including through a subsidiary of the Bank or through third parties. For the purposes of this Section, the insurance transactions, which are hereby permitted, shall include the sale, processing and soliciting sales, marketing and reciprocal insurance marketing, of insurance products, and fixed and variable annuities, provided that in offering and selling insurance, the Bank shall have limited liability and shall be subject to the requirements set forth by the "Insurance Code of Puerto Rico," as amended,

and to the oversight and examination of the Office of the Commissioner of Financial Institutions.

### CHAPTER III – GOVERNANCE

#### SECTION 9 – BOARD OF DIRECTORS

(A) Authority and Composition: The operations and transactions of the Bank and its subsidiaries shall be administered, and its corporate powers exercised by the Board of Directors, which shall be composed of eleven (11) members. Seven of said members shall represent the government sector; namely the Secretary of the DEDC, who shall be designated as Chairman of the Bank’s Board of Directors; the President of the GDB; the Secretary of Agriculture, the Executive Director of the Puerto Rico Industrial Development Company, the Executive Director of the Puerto Rico Tourism Company, the Executive Director of the Puerto Rico Trade and Exchange Company, the Executive Director of The Management and Budget Office, who may delegate to an employee of the respective agency with sufficient authority to make decisions on their behalf. The remaining four (4) members shall represent the private sector and shall be appointed by the Governor of Puerto Rico, with the advice and consent of the Senate. The members of the private sector shall be businesspeople from agriculture, commerce, industry, service, or any other sector of the economy, provided that they have proven experience and reputation in the field

in which they work, whether they come from micro, small and medium-sized enterprises, or large-sized enterprises or multinational corporations. The selection of the members of the private sector shall seek out a diverse and balanced representation of gender, economic activity, and professional specialization.

(B) Appointments and term of office: The representatives of the government sector shall serve as ex officio members on the Bank's Board of Directors for as long as they hold office. The initial appointments of the members of the Board that represent the private sector shall be made in accordance with the following: two (2) members for a term of two (2) years and two (2) members for a term of three (3) years. Thereafter, once as the term of office for the directors from the private sector expires, the Governor of Puerto Rico shall appoint a successor for a term of two (2) or three (3) year, as applicable.

(C) Vacancies: any vacancy that may arise among the members representing the private sector shall be filled by a new appointment for the remainder of the term of the member who caused the vacancy. In such cases, the Governor shall fill the vacancy within a period not greater than sixty (60) days after it has opened.

(D) Quorum: a simple majority of directors in office shall constitute a quorum for the Board for all purposes.

(E) Duties and Responsibilities

The Board of Directors:

- (1) Shall appoint the chairman or chairwoman of the Bank for a term of six (6) years, subject to the ratification of the Governor. The chairman or chairwoman shall in turn appoint such other corporate officers as he or she deems necessary to carry out the functions delegated to the Bank, who shall serve at the will of the chairman or chairwoman and in accordance with the policies and regulations approved by the Board.
- (2) Shall adopt through regulation, the guidelines for the granting of loans, guarantees and investments that it grants, and shall establish the rules and regulations for the management of the Bank. The meetings that the Board periodically holds shall include in their meeting agendas a consideration of the issues related to the administration of the Bank.
- (3) By the affirmative vote of a simple majority of the Board of Directors, shall adopt, amend, change [*sic*], rescind or make additions to the rules and regulations of the Bank that are not in conflict with the provisions hereof or with the law, arranging for the management of the Bank's operations and transactions, the organization, oversight, and meetings of the Board of Directors, and the amendments to meeting notices; the appointment of

committees of the Board of Directors and the powers of said committees; the number, titles, requisites, terms, election and appointment, removal, and duties of officers; the form of the Bank seal, and the drafting and submission of annual reports, and other reports, to the Legislative Assembly. The bylaws associated with the conditions that govern the services offered to the public shall be published in the Bank's official webpage.

(4) From the net revenue obtained at the end of each year of operations, the sum deemed necessary or appropriate by the Board of Directors shall be added to the Bank's reserve account. The balance of such revenue may, in whole or in part, be credited to the Bank's surplus account or remain in an unallocated income account, as determined by the Board. From time to time, the Board may, at its discretion, make transfers from the Bank's reserve account to the surplus account, and from the surplus account to the reserve account, as well as from the surplus account to the Bank's capital account.

(5) The Bank or its subsidiaries and affiliates shall not grant any loans or guarantee loans to its board members, officers, agents, or employees, or to any private business in which one or more of such directors, officers, agents, or employees have an interest.

Furthermore, they shall not grant loans secured by the guarantee of

a director, officer, agent, or employee with the exception of, and in each case with the unanimous approval of all the directors excluding any interested board member present at a meeting of the Board attended by at least seventy-five percent (75%) of the minimum total number of members of the Board, with the exception of any board member who may have such interest.

During the consideration of such loans and/or guarantees, as well as during the voting thereon, those board members who may have such interest shall be excused from the meeting. The word interest used in this subsection refers to any convenience or benefit derived by the chairman or chairwoman, even if it is not a financial or pecuniary interest.

(6) On an annual basis, the Board shall evaluate the financial condition of the Bank and shall approve the issuance of the financial statements of the Bank and its subsidiaries.

(7) Within one hundred and twenty (120) days after the enacting of this Bill, the Board of Directors shall adopt or amend the regulations governing the granting of loans, guarantees and investments that have been or made under the terms of this Section, including but not limited to the following criteria:

(a) Eligibility requirements, procedures, conditions for obtaining loans and on the collateral for financing, as well as any other

provisions that the Board of Directors may deem appropriate for the implementation of the purposes and powers conferred upon the Bank by this Chapter.

- (b) Relevant provisions to ensure that loans and the proceeds of the secured loans are used by the individual or company solely for the purposes set forth in this Chapter.

## SECTION 10 – FINANCIAL STABILITY

- (A) In general: The Bank shall have the responsibility and shall have the authority, by the broadest powers conferred by law, to ensure at all times its financial stability and the availability of funds needed to fulfil its main purpose, which is fostering new economic development in Puerto Rico. It must also sustain its operations with adequate resources through any mechanism to raise funds and deposits available in the financial markets. In this function, it shall receive support from the DEDC and the GDB.

- (B) Funds and Allocations:

- (1) The DEDC, GDB and the Legislative Assembly shall collaborate to ensure that the funds, as well as the revenues of the Bank and its subsidiaries, are sufficient at all times to cover the lending and investment liabilities of the Bank and any of its subsidiaries, and to ensure its operations. In order to enable the Bank to carry out its



new functions, powers, and authorities entrusted to it hereunder, the Secretary of the DEDC and the President of the GDB may transfer to the Bank, or any of its subsidiaries, the funds needed for its operation in the event that the Bank's or any of its subsidiaries' own funds or revenues are not sufficient. Furthermore, both the Secretary of the DEDC and the President of the GDB may allocate additional funds if deemed necessary or desirable to finance the Bank's operations or projects, in such a way as to have the opportunity to coordinate and execute the public policy on economic development in a comprehensive manner.

(2) The Legislative Assembly, aware that this Act concentrates all the management of the Government's Executive Branch to finance the private sector in the Bank, mainly the SMEs through loans and lines of credit, venture capital investments, guarantees, as well as consultancy services and insurance, shall endeavor to allocate and ensure that the funds allocated by Law or Resolution for such purposes are deposited in the Bank.

(C) Investment Fund Transactions: The Bank shall have the power to invest reserve funds in bonds of Puerto Rico, or those that are guaranteed both in principal and interest by Puerto Rico, or in bonds of any agency, instrumentality, commission, authority, municipality, or other political subdivisions of Puerto Rico, as well as in direct

obligations of the United States or in secured obligations, both in principal and interest by the United States, or in obligations of any agency, instrumentality, commission, authority, or other political subdivisions of the United States. It shall also have the power to invest in bonds issued by local or foreign corporate entities, be they public or private, which are rated by a credit rating agency nationally recognized in the United States in one of its six (6) most common scales of highest credit or in case the foregoing is not classified by such credit rating agencies, it shall be of a quality comparable to such. The Bank may also invest its funds in banker's acceptance or certificates of deposit endorsed or issued by banks incorporated under the laws of Puerto Rico or the United States, as applicable, or by any foreign bank of proven financial solvency authorized to conduct business in Puerto Rico or the United States.

(D) Loans: The Bank may borrow money and incur debts for corporate purposes under such terms and conditions as determined from time to time by its Board of Directors, with or without guarantee; dispose of its obligations by evidencing such borrowings; execute, grant and deliver trust instruments and other agreements in connection with any such loans, debts, bond issues, promissory notes, mortgage bonds or other obligations and by the authority of Puerto Rico herein granted to the Bank; issuing its own bonds, promissory notes, mortgage bonds or

other obligations in the form, with the guarantee and under such terms of redemption, with or without premium, and sell them in public or private transactions for the price or prices determined, as with all of the above, by its Board of Directors in coordination with GDB acting as a fiscal agent and financial advisor of the Bank. For the purposes of this section, the term “bonds” shall mean bonds, temporary bonds, refinancing bonds, payment obligations (debentures), promissory notes, interim receipts of debt or any other securities or certificates of indebtedness of the Bank issued under the provisions hereof. Except as provided for in subparagraph (G) of this Section, bonds may be issued under the provisions of this Act without obtaining the consent of any department, division, commission, board, body, section or agency of Puerto Rico, and without any other procedure condition or stipulation other than those proceedings, conditions or stipulations required specifically herein and under the provisions of the resolution authorizing the issuance of such bonds or the corresponding trust agreements guaranteeing same.

(E)Trusts: The Bank may act as a trustee and receive funds on time deposits from Puerto Rico or the United States and any other of its political subdivisions, instrumentalities, agencies and public corporations from the Retirement Funds of the Commonwealth of Puerto Rico, as well as from any bank or trust company, or any other financial institution that operates in Puerto Rico, as well as any corporate entity, company or

individual that operates a for-profit or non-profit business and is a resident of Puerto Rico.

(F) The Bank may sell, negotiate, retain, or dispose of debt instruments that it acquires as a result of its operations.

(G) All of the Bank's transfers of promissory notes, bonds, bills of exchange or receivables, or deposits of credit, as well as any assignment resulting from a mortgage, security interest in real estate, judgment or decree in favor of the Bank, and any deposit or other thing in value and any payment in cash made to its creditors shall be deemed null and void as long as the Bank is insolvent or awaiting insolvency. The intention of the foregoing is to prevent the Bank's assets from being applied in the manner prescribed in this section, or to give preference to of one creditor over another.

(H) In accordance with the provisions of the Act No. 272 of May 15, 1945, as amended, known as "Fiscal Agency Act" (7 L.P.R.A § 581 *et seq.*) the GDB shall act as a fiscal agent and financial advisor for the Bank.

## SECTION 11 – CORPORATE AND ADMINISTRATIVE AUTHORITY

The Bank shall be able to:

(A) Sue and be sued.

(B) Adopt, alter, and use a corporate seal of which judicial notice shall be made.

- (C) Exercise all those corporate powers not incompatible with those expressed herein, which, in accordance with the laws of Puerto Rico, are conferred to corporations; exercise the same within and outside Puerto Rico to the same extent and in the same manner as would a natural person.
- (D) Create and operate subsidiary or affiliated corporations through resolution of its Board when in the opinion of the foregoing such action is advisable, desirable, or necessary for the performance of the functions of the Bank, or, in keeping with its institutional purposes, carry out public policy or execute its powers. No subsidiary thus created by resolution of the Bank's Board of Directors shall have the authority to carry out financing or investment transactions that the Bank itself is not authorized to undertake. The Bank may sell, lease, loan, donate or transfer any of its assets to any of its subsidiaries thus created. Subsidiaries created by the Bank by virtue of the power conferred to it in this subsection shall be constituted as instrumentalities, independent and separate from the Bank and from the Government of Puerto Rico, and shall have all those powers, rights, functions, and duties that this chapter vests in the Bank, as delegated by its Board of Directors. The provisions of Section 8 of this Act shall apply to all the subsidiaries thus incorporated and that are subject to the control of the Bank.
- (E) Acquire all kinds of assets in keeping with its corporate purposes by concession, gift, purchase, bequest, or donation, or through any other legal manner, and to own and exercise ownership rights over said assets and dispose of the same.

- (F) Acquire all kinds of assets in payment or on account of debts or in exchange for investments made in the course of its business, when said acquisition is desirable or necessary to diminish or avoid losses in connection therewith, and to retain such assets for as long as the Bank's Board of Directors deems advisable, and exercise ownership rights over said assets and dispose of the same.
- (G) Establish such offices as it deems necessary or advisable for the transactions of its businesses.
- (H) Award and extend grants and prizes, plaques, medals, or any other acknowledgement to any natural person or legal entity as a way of promoting, fomenting, and stimulating economic development of the private sector of Puerto Rico, all in keeping with the standards as may be authorized by the Bank's Board of Directors for such purpose.
- (I) The Bank may appoint, employ, and engage the services of all those officials, agents, and employees, and confer and impose upon them such powers, duties, capacities, responsibilities, and authority as it deems appropriate, and establish, amend, and pay them such compensation or remuneration for their services as the Bank determines, subject to the policies, standards and procedures approved by the Bank's Board of Directors. The employees of the Bank shall remain exempt from Act 5 of October 14, 1975, as amended, known as "Puerto Rico Public Service Personnel Act." Appointments, dismissals, promotions, transfers, terminations, replacements, suspensions, paid leave, and changes in category, remuneration or title for such officers and employees of the Bank shall be carried

out and authorized as provided for in the rules and regulations prescribed by the Board. The foregoing shall be in accordance with the merit principles established in the Puerto Rico Public Service Personnel Act.

(J) The Bank shall have the power to participate in, direct and sponsor activities that promote its vision, mission, government program mandates and strategic plans through donations, sponsors, publicity, marketing and any other medium generally used in the banking, commercial, agricultural, business and education industries.

(K) The Bank shall have the power to establish programs for incentives, refinancing and restructuring of loans granted or acquired by the Bank for the primary purpose of aiding such businesses that have accrued short and long-term debts, and that have trouble generating the necessary cash flows to meet their financial obligations. Such programs shall be subject to the rules authorized by the Bank's Board of Directors and may include a debt forgiveness component. Incentives received by an individual from the Bank under an incentives program and any benefit, gain, or revenue that such individual may receive as a result of a refinancing or restructuring of a granted or acquired loan of the Bank shall be exempt from the payment of any tax contribution established by the Puerto Rico Internal Revenue Code, including the tax contribution under Section 1021.02 of the Code, and of the licensed tax imposed by any Municipality under the Municipal License Tax Act of 1974, as amended.

## SECTION 12: RELATIONSHIPS WITH OTHER PUBLIC AGENCIES AND CORPORATIONS

- (A) Government entities that certify compliance, permits, licenses, granting of benefits and others of similar nature are ordered to design, create, and put to the disposition of the Bank electronic systems and systems of any other type, for fast, prompt, and direct access to the evidence of compliance with such government entity and the procurement of necessary certifications for the analysis, determination and closing of a loan or investment.
- (B) This Act hereby creates the “Certificate of Compliance of the Business Development Bank” and orders other agencies, public corporations, and instrumentalities of the Government of the Commonwealth of Puerto Rico to require such Certificate as a requisite or condition for the granting of credits, incentives, exemptions, donations, sponsorships and any other type of government benefit or incentive or emolument. Excluded from the foregoing are the issuance of licenses, permits, and certificates that do not entail payment, donation, payment exemption or remuneration. The Bank shall endeavor to design systems that provide for expeditious access to such certifications so that government entities can be recipients of the necessary information to validate that its customers are in compliance with the Bank. This Section shall enter into force as soon as the Puerto Rico Management and Budget Office certifies that there is expeditious access to such certification.



(C) Public agencies, corporations and instrumentalities that have their credit funds earmarked for granting any mechanism of financing, guarantee and venture capital to businesses and organizations of the private sector may provide the profile, sector, and uses of such funds in accordance with the public policy they administer or which they are linked. However, for the granting of loans, lines of credit, guarantees or investments the services of the Bank or of any instrumentality of the government overseen by the Office of the Commissioner of Financial Institutions shall be used for purposes similar to those of the Bank. The foregoing shall not be applicable in the case of donations, incentives and contributions that do not entail repayment. For such procedures, the government entity shall deposit the money thus identified in the Bank for the creation of loan funds, guarantee funds, or both, and investment funds. The Bank and the government entity shall enter into agreements for the administration of the fund and shall establish the interest rate to be generated by such fund, the life and revolving or non-revolving nature thereof, and the terms and conditions for the financing and the investments to be granted by means of such fund, among other agreements.

(D) The Bank may enter into agreements with government or private entities to receive funds from any government, state, or federal entity to guarantee any financial facility. The terms and conditions of the financing, the guarantee, as well as the borrower profile, shall be agreed upon between the Bank and the guarantor entity. The Bank shall be authorized to provide expeditious and

flexible treatment to these cases, within the financing policies that from time to time are approved by the Bank's Board of Directors.

- (E) The Bank is hereby authorized to receive deposits of money assigned to government and state entities by the Legislative Assembly of Puerto Rico or the United States Congress or any other government agency of the United States of America intended to provide financing, guarantees, or investment funds to promote or support any business activity.
- (F) Revenues received by the Bank from any of its transactions or activities shall be exempt of any taxation imposed by the Internal Revenue Code of 2011, as amended (the "Code") and any other contribution or taxation under any other law.
- (G) Assets acquired or to be acquired by the Bank shall not be subject to the Puerto Rico Sales and Use Tax provided under Subtitle D of the Code, and the revenues, assets, transactions, and activities of the Bank shall not be subject to municipal taxes of any kind, including but not limited to municipal patents imposed under the Municipal License Tax Act of 1974, as amended, property taxes or construction taxes.
- (H) Similarly, in the event that any movable or immovable property acquired or repossessed by the Bank is subject to any debt, charge, or lien in favor of a public or private entity, the Bank shall be liable only for the payment of the principal amount of the debt. In other words, the Bank shall be exempt from making any related payment for interests, surcharges, and penalties.

## SECTION 13 – AUDITING

(A) Reports on the Operations of the Bank: The chairman or chairwoman of the Bank shall submit an annual report on the Operations of the Bank to the Board, and in turn, the Board shall submit an annual report to the Governor and the Legislative Assembly of Puerto Rico of such operations at the beginning of each regular legislative session. This report shall include the following:

- (1) A report in its financial statements audited by professionally recognized external auditors, selected by the Bank's Board of Directors.
- (2) A report on the transactions performed from the inception of the Bank or since the date of its last report.

(B) External Auditors: The Bank shall also be subject to an annual audit by certified public accountants of national reputation approved by the Bank's Board of Directors.

(C) The Puerto Rico Management and Budget Office and the Office of the Comptroller of Puerto Rico: The Bank shall submit to the Management and Budget Office, and to the Office of the Comptroller of Puerto Rico, any report requested by side Offices regarding the use of assigned funds pursuant to this Act or any other funds received through other legislative allocations. The Bank shall maintain separate accounting for all those obligations to be defrayed from the budget line assigned to it, in compliance with the provisions hereof.

(D) The Legislative Assembly and the Governor of Puerto Rico: The Bank shall also submit to the Legislative Assembly and the Governor of Puerto Rico, on such other occasions as may be required, official reports regarding all such activities financed with the authorized funds pursuant to this Act. The Bank shall maintain separate accounting for all those obligations to be borne by the budget item assigned to it in compliance with the provisions of this Act.

(E) GDB: In accordance with the provisions of Act No. 272 of May 15, 1945, as amended, literally translated as the “Fiscal Agency Act” (7 L.P.R.A § 581 *et seq.*), the GDB shall act as a fiscal agent and financial advisor of the Bank.

(F) Office of the Commissioner of Financial Institutions: The Bank shall also be subject to the examination of the Office of the Commissioner of Financial Institutions (hereinafter OCFI) and to the annual examination conducted by certified public accountants of national reputation approved by the Bank’s Board of Directors. The Bank shall not be required to pay any fee regarding any examination administered by the OCFI to the Bank. The Commissioner of the OCFI shall issue to the Bank a certificate expressing the results of such examination, which shall be submitted to the Bank’s Board of Directors at its next regular or special meeting.

(G) Receivership: If as a result of an examination and report made by an examiner, the OCFI has reason to believe that the Bank is not in good financial standing, or that its business is being conducted in a manner that puts its funds or other assets at risk, or if the Bank refuses to submit its books, documents, and affairs

for the inspection of any examiner duly authorized, or if it fails to establish reserves as required by this section after having received thirty (30) days' notice from the OCFI, or if it proves to be insolvent in the opinion of the OCFI, the Commissioner shall report the facts to the Governor. The Governor may then order the Commissioner of OCFI to apply to the Court of First Instance, San Juan Part. If, after hearing the Bank, the court finds that the facts alleged by the Commissioner of OCFI are well founded, the court shall then proceed to appoint a receiver to suspend operations and liquidate the obligations of the Bank. In this situation, the provisions of Section 10(G) of this Act shall be taken into account. Once appointed, the receiver shall take possession, under the instructions of the court, of the assets and liabilities, books (including the minute book), records, documents, and all manner of files belonging to the Bank, and it shall collect all its loans, rights, and claims. Furthermore, it shall ensure the payment of all its debts and obligations and the necessary expenses of the receivership. The receiver shall then proceed to liquidate the affairs of the Bank as soon as possible. For this purpose, it may sell the moveable and immoveable property and other assets of the Bank, subject to the order of the court.

(H) The Office of the Commissioner of Insurance of Puerto Rico: In its efforts to offer and sell insurance, the Bank shall have limited liability and shall be subject to the requirements established in the "Puerto Rico Insurance Code," as amended, and to the oversight of the Commissioner of Insurance of Puerto Rico.

- (I) Non-applicability of the Puerto Rico Banking Law: In view of the fact that all necessary and pertinent provisions are included in this section analogous to those contained in the Puerto Rico Banking Law, none of the provisions thereof shall be applicable to the Bank, its chairmen/chairwomen, officials, employees, or agents.

#### SECTION 14 – VIOLATIONS AND PENALTIES

If any chairman/chairwoman of the Bank violates or knowingly or negligently allows any of the officers, agents, or employees of the Bank to violate this section, or any of the provisions of the Bank's regulations, the Bank's Board of Directors and/or the Chair shall immediately report such issue to the Governor of Puerto Rico. The Governor shall concede to the accused chairman/chairwoman the opportunity to be heard and may afterwards remove said chairman and take any other additional action that he/she may deem necessary.

(A) Penalties:

- (1) Any official, employee, or agent of the Bank who receives any deposit knowing that the Bank is insolvent shall be deemed to have committed a nonindictable offense (misdemeanor), if the amount or value of such deposit is less than two-hundred dollars (\$200.00). If the amount or value of such deposit were of two-hundred dollars (\$200.00) or more, the person shall be deemed to have committed a felony and if convicted, and shall be punished with a term of imprisonment of no less than a year (1) or more than five (5)

years or a fine of not less than five hundred dollars (\$500.00) or greater than three thousand dollars (\$3,000.00), or with both, at the discretion of the court.

(2) Any chairman/chairwoman, officials, employees, or agents of the Bank who commit breach of trust, removes, or voluntarily embezzles any money, funds, credits, or assets of the Bank, or who, without being duly authorized to do so, issue or draw up any certificate of deposit, issue any order or bill of exchange, make any acceptance, transfer any promissory note, bond, bank draft, bill of exchange, mortgage, judgment, or decree, or make any false entry in any book, report, or statement of the Bank with intent, in any such case, to injure or defraud the Bank or any other company, government or corporate body, or person, or with the intent to deceive any official of the Bank or any agent appointed to examine the affairs of the Bank, and any person with similar intention of aiding and abetting any chair person, official, agent or employee to any violation of this section, shall be deemed to have committed a felony and if convicted shall be punished with imprisonment for a term no less than ten (10) years; moreover, provided that in the event of such convictions, the Bank shall collect and pay into its funds from the proceeds of any life insurance policy or bond, which the Bank may have taken out or required for such chairman, official, employee, or agent, and the premiums paid by the Bank up to the amount embezzled or disposed of by the chair, official, employee, or agent, and the beneficiaries, assigns, or successors thereof, shall forfeit all rights to the benefits of such policy.

## SECTION 15 – TRANSITORY PROVISIONS

(A) Derogation Clause: The Economic Development Bank for Puerto Rico created by Act No. 22 of July 24, 1985, as amended, is hereby dissolved, except to the extent needed for the transfer of its assets. Therefore, the aforementioned Act is hereby rescinded without the need for any further action or the execution of any public instrument, conveyance document, endorsement or transfer of any kind, all assets, trusts, agency relationships, stocks, rights, franchises, powers of attorney, privileges, negotiable instruments, promissory notes, bonds including expressly all mortgages on movable and immovable property of any kind, cash in banks either in current accounts or any other such item, and all liabilities and obligations pertaining to the BDEPR shall become the property of the Bank by operation of this Act; The Bank shall have, regarding such properties, trusts, agency relationships, stocks, rights, franchises, powers of attorney, privileges, negotiable instruments, promissory notes, bonds, mortgages on movables and immovables of any kind, and cash in banks, the same rights that the BDEPR had. It may dispose of them freely and without any limitation; however, provided that if for any unforeseen circumstance it should become essential or necessary to make any registration or verify an entry in any public or private registry, including the property records, said actions shall be carried out by the officers in charge of such records, freely and without the payment of any fees.



(B) Business Continuity: In accordance with this Act and the provisions thereof, the Bank shall be considered for all intents and purposes of the laws of Puerto Rico as the same entity as the BDEPR. As stated under Item (A) of this Section, for all the intents and purposes of the laws of Puerto Rico, all rights, privileges, and powers of the BDEPR, all movable, immovable, and mixed property, and all debts of the BDEPR, as well as all other matters and causes of action pertaining to such entity shall be the property of the Bank. Title deeds to real estate property owned by reason of public instrument or otherwise by the Bank shall not revert or otherwise be affected by reason of this Act; however, all the rights of creditors and all encumbrances on all property of such entity shall remain unaltered, and any debt, liability and duties of the BDEPR shall continue with the Bank, and may be enforced against the Bank to the same extent as if such debts, liabilities, and duties were incurred or contracted originally by the Bank.

(C) Structure: In accordance with the provisions of this section, the Bank shall operate with the same structure under which the BDEPR operated, except as provided in this Act.

(D) Capital: In accordance with the provisions of this section, the Capital of the BDEPR is now the Capital of the Bank.

(E) Personnel: The personnel of the BDEPR, as well as the duties and the labor rights of the positions they hold, shall be hereafter pertain to the Bank and shall remain intact as such.

- (F) Pending litigations: Any pending civil, criminal, or administrative action or proceeding filed or brought against the BDEPR may continue as if the transition from the BDEPR to the Bank had not taken place, or the Bank may be included in the substitution for the BDEPR in such action or proceeding. Consequently, it shall be understood in any forum that when the institution hereby created is identified or mentioned as the BDEPR, it shall refer to the Bank.
- (G) Liquidation: The BDEPR shall not have to liquidate its affairs or pay its debts and distribute its assets by operation of this Act. The transition to the Bank shall constitute the continuation of the existence of the BDEPR, in the form of the Bank.
- (H) Conflicts Clause: In the cases in which the provisions of this Act conflict with the provisions of any other act, the provisions of this Act shall govern. No other act previously or subsequently passed, that regulates the administration of the Government of Puerto Rico or of any other parts, offices, businesses, departments, commissions, dependencies, municipalities, branches, agents, officers, or employees of such, shall be interpreted as applicable to the Bank, unless otherwise expressly provided for herein.
- (I) Severability Clause: If any of the provisions of this Act or its application to any person or circumstance are declared null and void, this shall not affect the rest of the Act, nor the application of such dispositions to persons or circumstances other than those in relation to which it has been declared null and void.

## SECTION 16 – EFFECTIVE DATE

This Act shall take effect immediately upon its approval.