



# Organic Law

## UPDATED TEXT OF CONASEV'S<sup>1</sup> ORGANIC LAW

Law Decree N° 26126

Including amendments by



-Law N° 27323, published 07.23.2000

-Law N° 29782, published 07.28.2011

- Law N° 30050, published 06.26.2013



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<sup>1</sup> Superintendencia of Securities Market according to Law N° 29782

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UPDATED TEXT OF THE  
PERUVIAN SECURITIES AND EXCHANGE COMMISSION ORGANIC LAW  
LAW DECREE Nº 26126

TITLE I  
NAME, PURPOSE, DOMICILE AND FUNCTIONS

**Article 1. Definition, purpose and function of the Superintendence of Securities Market SMV (\*)**

The Superintendence of Securities Market (hereafter SMV) is a specialized technical entity attached to the Ministry of Economy and Finance, charged with protecting investors, and ensuring the efficiency and transparency of markets under its oversight, appropriate price making and dissemination of information for the above purposes, through its regulatory, oversight and promotion functions. It is a legal person governed by domestic public law provisions. It enjoys functional, administrative, economic, technical and budgetary independence and is separately included in the national budget. Its operations are governed by the provisions of this law and its organization and functions guidelines. SMV's functions are as follows:

- a. To introduce regulations governing the securities market, the products' market and the collective funds system.
- b. To ensure the natural and juridical persons participating in the securities market, the products' market and the collective funds system comply with the law.

Individuals and legal persons subject to the oversight of Superintendence of Banking, Insurance and Private Pension Funds Management Companies hereafter SBS) are also subject to oversight by SMV as regards their participation in the securities market under SMV oversight.

- c. To promote and study the securities market, the products' market and the collective funds system.

In addition, SMV oversees auditing companies authorized by any of the Peruvian public accountants associations of all international auditing standards whose services are retained by individuals or legal persons subject to SMV oversight, to ensure they will abide by the guidelines it is authorized to enforce. For this purpose, it may enact general dispositions in line with the abovementioned international auditing standards and require the above organizations to provide any information or documents that may be needed to verify their compliance.

SMV's address of record is in the city of Lima. It may open branches nationwide to better fulfill its role. The opening of deconcentrated offices does not modify its effective address of record in the city of Lima for purposes of court proceedings.

(\*) Article replaced by Article 2 under Law Nº 29782.

**Article 2. Appointment and removal of the Superintendence of Securities Market (\*)**

The Securities Market Superintendent is the SMV's highest ranking executive authority and is the official responsible for the organization's budget. The Superintendent chairs the organization's Board of Directors and is SMV's official representative. The Superintendent is appointed by the Executive Branch by virtue of a Supreme Resolution signed by the Minister of Economy and Finance.

The Superintendent is elected for a period of six years, and may not be reelected for consecutive periods. The Superintendent will continue exercising his/her functions pending the appointment of his/her

successor. The Superintendent's position is exercised on a full time basis, excepting for teaching functions.

Candidates to the position of Superintendent of Securities Market must be Peruvian citizens in full exercise of their civil rights, enjoy recognized moral solvency and probity, and have wide experience and skills in economic, financial and securities markets issues.

If for any reason, the Superintendent cannot complete the period for which he/she was appointed, his/her successor will be appointed within sixty days of the former's cessation of activities, and will perform his/her predecessor's functions until the end of the latter's original term.

The removal of the Superintendent of Securities Market is a prerogative of the Government by virtue of a Supreme Resolution signed by the Minister of Economy and Finance in the following cases:

1. If during the performance of his/her functions, the Superintendent incurs in a duly proven and documented serious offense, as established by the Ministry of Economy and Finance.
2. If a definitive arrest sentence is issued against the Superintendent.

The following are serious offenses by the Superintendencia of Securities Market:

- a. Fail to adopt the necessary measures to sanction, when appropriate, those who engage in activities exclusively permitted to individuals authorized by the SMV without the required authorization.
- b. Incur in the offenses determined by paragraphs a) to n) under article 6 and provisions determined by article 8.
- c. Fail to punish natural or juridical persons who breach the provisions included in SMV's mandate, when properly documented information is available that demonstrates such breach beyond reasonable doubt.

(\*) Article replaced by Article 2 under Law N° 29782.

### **Article 3. Attributions of the Superintendencia of Securities Market (\*)**

The attributions or powers of the Superintendencia of Securities Market are as follows:

1. Issue organization and operation authorizations to supervised juridical persons.
2. Authorize the operations of centralized trading mechanisms.
3. Carry the Securities Market Public Registry and others as may be necessary for fulfilling his/her role.
4. Exercise the consolidated oversight of juridical persons authorized to operate and the companies controlled by such authorized persons. This provision does not include companies the consolidated oversight of which is performed by the Superintendencia of Banking, Insurance and Private Pension Funds Management Companies (SBS) in compliance with Law 26702, the General Law of the Financial, and Insurance Systems and SBS Organic Law and other complementary norms.
5. Require authorized juridical persons any information needed concerning private offerings either on their own account and for the equity they manage.
6. Subpoena and interrogate whoever may contribute to a successful investigation undertaken by the SMV or other foreign securities market oversight bodies with which an inter-institutional cooperation agreement

has been signed. Any individual who, without justification, fails to comply with the subpoena or refuses to answer the interrogation will be pressured through an automatic coercive fine for an amount of up to five tax units (hereafter UIT). The fine should be paid within five business days after notification has been served, after which term, coercive collection will be ordered. If the bound individual persists in his/her breach, a coercive fine will be imposed double the amount of the last coercive fine imposed and so on successively and without limit until the individual appears or responds to the interrogation as appropriate, without prejudice to the respective filing of charges before the Prosecutor's Office, prior to launching the corresponding criminal procedure. The coercive fine, as its nature is not that of a sanction, does not prevent the Superintendence of Securities Market to impose an additional sanction at the end of the proceeding, if appropriate.

SMV may resort to any technical and legal means to create a complete and trustworthy record of all depositions, for which purpose it is authorized to record all depositions or statements.

#### 7. Open investigations and inspections with or without prior notification.

To perform its inspection duties, as mentioned in the preceding paragraph, SMV may examine, using whatever means it deems necessary, all books, accounts, archives, documents, correspondence and generally, any other information that may be required for it to discharge its functions. For this purpose, the investigated company and its representative(s) are obliged to provide the inspection staff all the facilities required for fulfilling their objective.

Refusal, resistance or breach by the obligated individuals, if properly demonstrated, leads to imposing any of the sanctions described in Legislative Decree 861, the Securities Market Law.

In addition, SMV may require all the background documents it deems necessary to learn about the inspected entity's financial condition, resources, administration or management, actions by its representatives, degree of security and prudence in making investments and, generally, any other matter that in its opinion, should be verified.

It may also accept the testimony of third parties and request the opening of books and documents, which will be done within the limits established by Article 47 under the Commerce Code.

The actions undertaken by SMV's officials designated for meeting the stated purposes of this and the following paragraph are presumed to be reliable and trustworthy. SMV through certain general dispositions will regulate their authorization to perform. (\*\*)

8. Intervene from an administrative viewpoint, the facilities or offices where activities may be presumably taking place, which are the exclusive prerogative of individuals authorized by SMV but which are carried out without the required authorization, and proceed to close such facilities or offices. For that purpose, SMV will be provided the authorizations mentioned in paragraphs 6 and 7 above.

For executing such proceedings, SMV is authorized to require the intervention of the Public Prosecutor. In addition, a warrant may be provided for seizing all documents and the information they may contain. For this purpose, SMV is further authorized to directly request the support of public police forces. Should forced unlocking be required, a court warrant will be requested, same which shall be granted in a maximum term of one business day.

Failure to comply with the requests described in the previous paragraph will be result in filing for commission of the crimes described in the first paragraph of article 378 of the Criminal Code.

To comply with the obligations described in paragraph a) under article 2 hereto, the Public Prosecutor will file the corresponding criminal complaints to launch a criminal action against the offenders. In these

proceedings, SMV will act as aggrieved party and may, consequently, bring criminal action against the offenders.

The Superintendence of Securities Market shall not be held liable in any manner for the regular exercise of the intervention and closing powers of facilities or offices as described in this section.(\*\*\*)

#### 9. Sanction regulatory offenders.

SMV may enact precautionary or corrective measures, either at its own initiative or at the request of a party, or refrain from opening a sanctioning procedure for minor breaches if, when a violation has been identified, the offense has been reverted or cured, provided the conditions for precedence established in the corresponding regulations are complied with, and the decision is reported to the concerned individual, or if any corrective measures required by SMV have been complied with, as per article 358 under Legislative Decree 861, the Securities Market Law.

SMV may impose sole instance actions through its administrative courtroom or any other body so designated in its organizational and functions manual.

Preliminary investigations undertaken before the opening of sanctioning proceedings are bound by the duty of confidentiality.

10. Request juridical persons authorized to operate to subscribe a minimum amount of operating capital in proportion to the accepted risks, in compliance with the general provisions enacted for that purpose. SMV regulates the components of those entities' operating capital, as well as other requisites that shall be met as regards those elements of capital.

11. Require juridical persons authorized to operate to subscribe certain amounts over and above the guarantees required by Legislative Decree 861, Securities Market Law; Legislative Decree 862, Investment Fund and Administration Companies Law; the Product Exchange Law Number 26361, and Law Decree 21907, according to which SMV will supervise the Collective Fund Administration Companies' operations and accepted risks, when circumstances arise that threaten their continuity, effectiveness or operations. In such cases, SMV is authorized to intervene if the reasons or conditions for such intervention are not cured or modified within the term provided for such purpose. Such guarantees may not be repossessed.

Through general provisions, SMV may regulate the cases that warrant requesting larger guarantees or modifying their components.

12. Authorize the transfer of stock issued by juridical persons authorized to operate, as well as the purchase of stock for capital increases involving the acceptance of a new shareholder and any other act involving encumbrance, trust, or management agreements or other juridical acts concerning such securities and which give a third party, either directly or indirectly, the ability to manage or exercise voting rights in the authorized organization, pursuant to the general provisions enacted by SMV, by means of general provisions, will regulate this article and may establish minimum stockholding percentages to request the above-mentioned authorization as well as the conditions under which such authorization may not be warranted.

13. Impose, by means of a warrant, coercive fines to execute certain acts, up to an amount of twenty five (25) tax units (UIT). Such fines shall be paid within five (5) business days after the corresponding notice has been served, after which coercive collection will be ordered. At the time of imposing the fine, the term will be established for the subject to comply with the required act. If after such period elapses the subject has failed to comply, a new coercive fine will be imposed for twice the amount of the last fine, and so on successively until the required act is performed, but under no circumstance shall the total fine exceed seven hundred (700) UITs.(\*\*\*)

14. Automatically suspend the operation authorization given to juridical persons within its jurisdiction and control without requiring a sanctioning administrative procedure in the following cases: i) when some of the requisites to operate and function are no longer complied with; ii) when any of the shareholders is impeded or fails to meet the requisites set forth in the regulations; iii) when the precautionary or corrective measures ordered by SMV are breached; and iv) if the requisites described in articles 10 and 11 are not met. This order may not be appealed through administrative procedures. If the breach originating the suspension is not cured, SMV may cancel the operation authorization without need for a sanctioning administrative procedure. (\*\*\*)

15. Enter into agreements, memoranda of understanding and contracts, as required, with domestic and international bodies to accomplish the SMV institutional objectives.

16. Share information about the subjects under its administration with Central Bank for the exclusive use by such entity, within the framework of its respective jurisdiction and provided a reciprocal cooperation and information sharing agreement has been signed. Such information does not include the information protected by the identity confidentiality duty established by Legislative Decree 861, the Securities Market Law.

17. Share information with foreign oversight bodies about the subjects within its domain, provided SMV has signed a reciprocal cooperation agreement or memorandum of understanding with such bodies by SMV. Such information may include the information protected by the confidentiality duty as well as witness depositions taken by SMV in the exercise of its functions.

18. Hire, suspend, remove or dismiss SMV personnel, as well as determine their compensation, in the framework of existing legal provisions.

19. Appoint, among the Deputy Superintendents, the successors of officials impeded to discharge their duties for reasons of temporary absence or impediment.

20. Schedule, formulate or propose to the Board, for its approval, the SMV's budget and to execute it in the framework of existing regulations.

21. Approve, by means of an executive order issued by the Superintendent of Securities Market, the staff, the Unified Administrative Procedures Text (TUPA) and other internal regulations as per existing provisions in this matter.

22. Approve, by means of an executive order issued by the Superintendent of Securities Market, the organization and functions guidelines, in compliance with provisions set forth to regulate relevant existing norms. (\*\*\*)

23. Require public offices and State entities to prepare and issue whatever reports it deems appropriate and to hire expert and technical services.

24. Manage and collect levies to finance SMV's activities and the corresponding interest and past due fees.

25. Approve the operational policies, programs and the General Supervision and Inspection Plan.

26. Exercise the foreclosure on individuals and legal persons subject to supervision, pursuant to Law 26979, Coercive Execution Procedure Law.

27. Exercise all other powers and attributions vested upon it by the Board.

28. Delegate any of the afore-mentioned attributions on the officials or bodies it deems appropriate.

(\*) Article replaced by Article 2 under Law 29782.

(\*\*) Paragraph included by Article 5 under Law 30050.

(\*\*\*) Section modified by Article 4 under Law 30050.

## TITLE II BOARD OF DIRECTORS

### Article 4. Appointment and removal of SMV's Board of Directors (\*)

The SMV's Board of Directors is charged with approving institutional policies and objectives as well as the market regulations under SMV's jurisdiction. It is comprised of the Superintendent of the Securities Market, who will chair it, and four directors appointed by the Government through Supreme Decree signed by the Minister of Economy and Finance. One candidate will be proposed by the Ministry of Economy and Finance, one by the Central Bank of Peru and one by the Superintendence of Banks, Insurance and Private Pension Fund Management Companies (SBS). In addition, an independent director will be a member of the SMV's Board of Directors. This independent director will not have conflicts of interest nor be related by virtue of any professional activities regarding any of the subject matters within SMV's competency. SMV will issue the regulations required for the appointment of such independent director.

The members of the Board of Directors do not represent the interests of the entity from where they come, nor any specific private interests.

To be appointed as director, candidates must be Peruvian citizens, be in full exercise of their civic rights, be recognized for their moral solvency and adequacy, and have knowledge and experience in economic, financial and securities market issues.

The members of the board will stay in their position for a period of six years, which may not be renewed for an immediate successive period, and will earn a remuneration for attending board sessions; directors who end their mandate may continue in such position until their successor is appointed. If for any reason, a director cannot complete the term for which he/she was appointed, his/her replacement shall be appointed within sixty days after such deadline, and will remain in this position until the end of his/her predecessor's term.

Removal of a board member may be effected by the Executive Branch through Supreme Resolution signed by the Ministry of Economy and Finance under the following circumstances:

1. When the board member has incurred in a serious, proven and documented offense, in the exercise of his/her function, as determined by the Minister of Economy and Finance.
2. When a definitive arrest warrant is issued against such director.

Serious offenses by a board member include the impediments and prohibitions described in articles 6 and 8.

The quorum for the sessions held by the SMV Board of Directors is three members. The agreements will be adopted by the attending directors' absolute majority.

(\*) Article replaced by Article 2 under Law N° 29782.

## **Article 5. Attributions of the Superintendence of Securities Market (SMV) Board of Directors(\*)**

The SMV's Board of Directors will enjoy the following attributions:

- a) Approve institutional policies and objectives.
- b) Approve the regulations governing the securities market, products and the collective funds system, as well as any other governing natural and juridical persons under SMV's oversight. In addition, it will interpret legal provisions governing natural and juridical persons under its oversight in administrative procedures, subject to legal provisions and general legal principles.
- c) Issue provisions to draft and submit individual and consolidated financial statements and any other complementary information, taking care they reasonably reflect the financial condition, bottom line and cash flows of companies and entities under its supervision, in compliance with International Financial Reporting Standards (IFRS) and to ensure appropriate compliance with such. This provision does not include entities participating in the securities market within the jurisdiction of the Superintendence of Banking, Insurance and Private Pension Funds Management Companies (SBS).
- d) Define violations incurred by players in the securities market, product markets, collective fund systems and in other fields within its competency, with due compliance with provisions included in articles 343, 349, 350 and 351 of Legislative Decree 861, the Securities Market Law.
- e) Propose, through the Ministry of Economy and Finance, draft laws on issues within its institutional domain.
- f) Determine the fees and levies aimed at financing SMV's operations, in conformance with provisions in article 18, as well as the way, place and time for complying with such obligations.
- g) Approve the SMV's annual budget, as expanded and amended, and to ensure its proper execution.
- h) Approve the SMV's financial statements and annual report.
- i) Decide on the opening of SMV's offices as established in article 1.
- j) Determine the procedures for SMV sessions.

(\*) Article replaced by Article 2 under Law N° 29782.

## **Article 6. Impediments to be appointed as Superintendent and Member of Board of Directors at the Superintendence of Securities Market (SMV) (\*)**

The following impediments will prevent the appointment as Superintendent or Member of the Board of Directors of the SMV:

- a) Incompetency as defined by the Civil Code.
- b) Direct or indirect interest in the capital of companies requiring an authorization to operate by SMV, or holding a direct or indirect share of property above five percent of a company issuing public offering securities or any other entity under SMV's oversight, other than those authorized to operate by SMV.
- c) Be a director, official, advisor, or employee at any entity subject to oversight by the SMV, including issuers of primary or secondary public offering securities.

- d) Be a representative or having represented in the year before his/ her appointment any individual under an administrative or court procedure filed against the SMV.
- e) Represent or have represented during a one-year period before his/her appointment any natural or juridical persons against which SMV may have filed a sanctioning procedure in the last five years.
- f) To have been declared insolvent by National Institute for Defense of Competition and Intellectual Property (INDECOP), for as long as such condition remains in effect.
- g) To have been declared in bankruptcy, even if the corresponding procedure was dismissed.
- h) To be included in a criminal investigation process where a prosecutor may have pressed charges against him/her.
- i) Having been condemned for fraud, even if subsequently rehabilitated.
- j) Having court proceedings for debts with financial entities or other bodies under SMV's oversight.
- k) Having debt under legal collection for an amount exceeding 50% of his/her net wealth and total annual income.
- l) Be impeded by any other existing laws.
- m) Having been sanctioned for serious or very serious faults by SMV or by Superintendence of Banking, Insurance and Private Pension Funds Management Companies (SBS) during the execution of oversight functions.
- n) Having been removed from public office or terminated in the exercise of government positions for a serious offense or to be impeded to exercise a public function by a court decision or a legislative decision of the Peruvian Congress.

In addition, nobody may be appointed as Superintendent or Director if their spouse or relatives up to the second degree of blood or within the first degree of family relationship are comprised in the conditions described in paragraphs b) and c).

Every year the Superintendent and Board Members will file affidavits declaring they are not comprised under any of the impediments described in this article.

(\*)Article replaced by Article 2 under Law N° 29782.

**Article 7.-** Article abrogated by the Fourth Modifying Complementary Provision under Law N° 29782.

#### **Article 8. Prohibitions during mandate (\*)**

The Superintendent and Board Members are prohibited, during the exercise of their functions, to engage in transactions with movable securities or to increase their prior securities holdings, if any. Exceptions include free shares and shares subscribed in the exercise of preferential rights established by Law 26887, the General Company Law. The Superintendent or Director will refrain from attending general shareholders' meeting of companies where they hold stock and are subject to SMV's oversight.

In addition, the Superintendent and Board Members are forbidden to provide advice on issues within SMV's competency.

(\*)Article replaced by Article 2 under Law N° 29782.

#### **Article 9. Superintendent and Board vacancy (\*)**

The Superintendent and Board Member positions will be declared vacant for reasons of permanent physical disability, disease or resignation from the post filed before the Executive Branch and for any of the impediments set forth in paragraphs a) to n) under article 6. In addition, the Directors' position will be declared vacant if he/she fails to attend four consecutive ordinary sessions or more than half of the sessions held in one semester, excepting when a leave was timely granted.

After the Superintendent's vacancy and while his/her successor has not been appointed, the functions inherent to such position will be exercised by a Deputy Superintendent with the most senior position or by the most senior Deputy Superintendent within SMV.

(\*)Article replaced by Article 2 under Law N° 29782.

#### **Article 10. Vacancies (\*)**

Vacancies are declared by the Board and made known by the Executive Branch, as appropriate.

(\*)Article replaced by Article 2 under Law N° 29782.

**Article 11.**-Article abrogated by the Fourth Modified Complementary Disposition under Law N° 29782.

**Article 12.**- Article abrogated by the Fourth Modified Complementary Disposition under Law N° 29782.

**Article 13.**- Article abrogated by the Fourth Modified Complementary Disposition under Law N° 29782.

### **TITLE III**

#### **GENERAL MANAGER**

**Article 14.**- Article abrogated by the Fourth Modified Complementary Disposition under Law N° 29782.

**Article 15.**- Article abrogated by the Fourth Modified Complementary Disposition under Law N° 29782.

**Article 16.**- Article abrogated by the Fourth Modified Complementary Disposition under Law N° 29782.

**Article 17.**- Article abrogated by the Fourth Modified Complementary Disposition under Law N° 29782.

### **TITLE IV**

#### **ECONOMIC AND FINANCIAL REGIME**

#### **Article 18.- Contributions (\*)**

SMV operating expenses are paid for from the contributions it charges for the oversight services it provides, in addition to fees charged for administrative procedures determined in the TUPA.

Contributions are determined as follows:

- a) Principals will pay zero point zero percent of the effectively traded amount. (\*\*)
- b) Issuers, excepting issuers of independent patrimonies, securities investment mutual funds and investment funds, will pay a percent of the total securities subject matter to the public offering without exceeding one per thousand (0.001) of such amount annually. This contribution will be paid monthly.
- c) For independent patrimonies, securities investment mutual funds and investment funds, an amount based on the patrimonial value or the value of the fund on the last day of each month. This contribution will be paid monthly;
- d) For collective funds, the contribution shall not exceed one per thousand annually, calculated on the active value of the fund on the last day of every month. This contribution will be paid monthly; and,
- e) For stock exchanges, clearance and security liquidation entities, risk rating agencies, security investment mutual fund administration companies, investment fund administration societies, brokerages, security intermediary companies, securitization companies, product exchanges, product brokerages, price supplier companies, collective fund administration companies and other entities authorized by the SMV (hereafter the "entities"), the contribution will be equivalent to the smaller amount between one point five percent of the annual revenues resulting from the entity's main activity, as shown in the audited annual financial statements corresponding to the contribution and the amount of tax units (UITs) which are paid annually and listed below: stock exchanges and product exchanges: forty eight (48) UITs annually or four UITs per month; security clearance and settlement institutions, security investment mutual fund administrator companies, investment fund administration companies, securitization companies and collective funds administration companies: twenty four (24) tax unit (UIT), or two (2) monthly tax units (UIT); brokerages and product brokerages: thirty six (36) tax units (UIT), or three (3) monthly UITs; risk rating agencies, price supplier companies and other entities supervised by SMV, three(3) UITs, equivalent to zero point twenty five (0.25) monthly UITs. These contributions are paid annually. The amount of the UIT applied will be the amount in force at the beginning of the period corresponding to the collected contribution.

By means of a general provision and in the above framework, SMV will determine, for each such entity, which specific line items in their financial statements will be taken into account as annual revenues resulting from the entity's main activity.

In the case of entities that fail to file their audited annual financial statements for the period corresponding to their respective contribution and for purposes of computing such contribution, the annual revenues shown in the latest mid-term financial statements submitted by the entity will be used. If the entity had not submitted such financial information, its annual contribution will be equal to the amount resulting from the monthly partial payments made by the entity as computed during the corresponding period.

For entities whose operation authorizations were abrogated or terminated during the contribution period, such contribution will be equivalent to the smaller amount between one point five percent (1.5%) of their cumulative revenues during the period elapsed and the total UITs which, paid monthly, are described in this paragraph, times the number of months during which the entity operated in the period of contribution payment. If the entity did not accumulate revenues during the period, its contribution will be equivalent to the amount of UITs paid monthly described in this paragraph times the number of months the entity operated during the term when the contribution had to be paid.

Entities mandated to pay the contribution must pay, as monthly advance payments, the smaller amount resulting from comparing the amount of monthly UITs described in this paragraph for monthly payments and zero point one hundred twenty five percent (0.125%) of their annual revenues, as shown in the audited annual financial statements for the previous period. For monthly advanced payments for the months of January, February and March, they shall be equivalent to the smaller amount resulting from comparing the UITs which, as monthly payments, are described in this section and zero point one twenty

five percent (0.125%) of their annual revenues as shown in their audited annual financial statements for the prior period.

For entities that started operating in the period before the contribution period, advance payments for the month of the January, February and March will be equivalent to the smaller amount between the amount of UITs which, as monthly payments are described in this section and zero point one hundred twenty five percent (0.125%) of the cumulative revenues for the period; and the advance payments for the months of April to December will be computed following the methodology described in the previous paragraph. If the entity does not have cumulative revenues for the period, the advance payments for January, February and March will be equivalent to the UITs determined in this section for monthly payments.

For entities that started operating in the contribution period, advance payments will be equivalent to the smaller amount between the amount of UITs established in this section for monthly payments, and zero point one hundred twenty five percent (0.125%) of their cumulative revenues during the corresponding period. If the entity does not show cumulative revenues for the period, the advance payments will be equivalent to the UITs determined in this section for monthly payments.

For entities that did not file their audited annual financial statements for the preceding period or the period before their last period, for purposes of advance payments, SMV will use the annual revenues shown in the latest midterm financial statements for the period preceding the contribution period. If the entity failed to submit such financial information, the advance payments will be equivalent to the average of monthly advance payments calculated by the entity for the preceding period; if the above described calculations were not possible, the monthly advance payments will be equivalent to the UITs determined in this section for monthly payments.

Entities whose authorization permits were suspended at the end of the month corresponding to the monthly advance payments are not obligated to pay such monthly advance payment. Entities whose operating authorizations were abrogated or terminated, will not be obligated to make monthly advance payments, starting on the month when such abrogation or termination takes effect. (\*\*\*)

The contributions described in sections a), b), c), d) and e) may be settled and paid by tax payers described in the corresponding paragraphs, in the manner, place and date determined by the SMV, which may modify such conditions, provided the percentages or amounts determined by this provision are not exceeded. Such changes may be made to reflect the value, period, type of operation and risk of the operations, the activities carried out by the entity subject to SMV's authorization or supervision or any other criteria related to prudential regulations and supervision performed by SMV. (\*\*\*\*)

Other sources of SMV revenues are fines and their corresponding interests, and late payments, financial earnings and revenues, resources resulting from contracts or cooperation agreements to promote and disseminate stock market activities, income from the sale of its publication, donations and transfers from the Public Treasury.

The address appearing in the Stock Market Public Registry is regarded as the tax address of the tax paying entity. To determine contributions by a tax paying entity that is not found or whose whereabouts are unknown, the regulations under Supreme Decree 041-2006-EF apply, as well as decisions by the National Customs and Tax Administration in this regard, as amended, replaced, or relevant. (\*\*\*\*)

For entities regarded as not found or when their whereabouts are unknown, as established in the preceding paragraph, the provisions included in the Unique Ordered Tax Code, enacted by Supreme Decree 135-99-EF, as amended and relevant, shall apply. In addition, under such circumstances, notification of SMV's acts shall be served through the MVNet System and the SMV's Stock Market Portal and in the official gazette or the local newspaper designated for publishing court warrants, or in one of the local large circulation dailies. Such publication shall show the name and the trade name of the served entity, and its tax payer number (RUC) or identity document number, as applicable, the number of the

document describing the administrative act and a description of its nature, the contribution or fine, their amounts, and the tax period and descriptions of other acts resulting in the notice.(\*\*\*\*)

(\*) Article replaced by Article 1 under Law N° 27323.

(\*\*) Paragraph replaced by Article 2 under Law N° 29782.

(\*\*\*) Section modified by Article 4 under Law N° 30050.

(\*\*\*\*) Paragraph replaced by Article 2 under Law N° 29782.

(\*\*\*\*\*) Paragraph included by virtue of Article 5 under Law N° 30050.

**Article 19.**-Revenues resulting from the Commission's services belong to SMV and will be used to cover its budget.

**Article 20.**-If a balance remains at the end of the budget year, it will be expended in the budget of the following year.

**Article 21.**-Entities and individuals subject to the Commission's control or oversight may not make donations to the SMV.

**Article 22.**- Article abrogated by the Fourth Modified Complementary Disposition under Law N° 29782.

## TITLE V PERSONNEL

**Article 23.**-SMV's employment policies are governed by private sector labor regulations.

**Article 24.**-Article 8 above applies to SMV's employees, unless explicitly authorized by the Board of Directors.