



COMMONWEALTH OF PUERTO RICO  
**OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS**

**CIRCULAR LETTER NO. CIF CC-06-2**

**TO : BANKS, BROKER-DEALERS AND SIMILAR INSTITUTION  
DOING BUSINESS IN PUERTO RICO INTERESTED TO  
QUALIFY AS “ELIGIBLE INSTITUTIONS” UNDER THE 1998  
TAX INCENTIVES ACT**

**RE : DESIGNATION AS ELEGIBLE INSTITUTION UNDER THE  
TAX INCENTIVES ACT OF 1998**

**DATE : SEPTEMBER 11, 2006**

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**AUTHORITY**

This Circular Letter is issued pursuant to the provisions of Articles 10 (a) (2) and 10 (a) (8) of Act Number 4 of October 11, 1985 (the “Office of the Commissioner of Financial Institutions Act”), as amended, and Section 2 (j) (2) of Act Number 135 of December 2, 1997, as amended (the “1998 Tax Incentives Act”).

**PURPOSE**

This Circular Letter is intended to complement Circular Letter Number CIF CC-05-2 notifying the termination of licenses as of December 31, 2005 for Eligible Institutions under Regulation 5105, approved on July 24, 1994. It is issued in response to requests by interested parties upon consultations with the Department of the Treasury of the Commonwealth of Puerto Rico and the Puerto Rico Industrial Development Company.

Pursuant to the procedure herein contained, the financial system will have access to funds under the provisions of the 1998 Tax Investment Incentives Act, thus benefiting the economy of Puerto Rico.

**NOTICE**

By means of this Circular Letter we hereby notify the procedure to be followed by institutions that may qualify under the 1998 Tax Incentives Act to be designated as Eligible Institutions for acceptance of Eligible Funds:

1. The institution shall submit to the Commissioner of Financial Institutions (the “Commissioner”) a written petition requesting such designation detailing the proposed operations. The Commissioner may request any documentation, data or information considered necessary in each particular case.
2. The Commissioner, with the endorsement of the Financing Board, and the Administrator of the Puerto Rico Development Company (the “Administrator”), will determine and approve on a case by case basis, whether the applicant institution qualifies for designation as Eligible Institution under the 1998 Tax Incentives Act.
3. It will be the responsibility of the designated Eligible Institution to perform a due diligence review of the funds to be accepted for deposit or investment (“Eligible Funds”) in order to verify that the same complies with all the requirements, closing agreement, or any other contract between the owner of the funds, its legal representatives or trustee, and the Secretary of the Treasury of the Commonwealth of Puerto Rico and/or the Administrator.
4. The designated Eligible Institution will submit to the Commissioner, the Administrator and the Secretary, all information, reports or data requested from such institution within the due date specified for each and any such reports. In addition, it will comply with the reporting requirement of the Commissioner’s Circular Letter CIF-CC-01-6.

**EFFECTIVENESS**

This Circular Letter will be effective immediately.

Alfredo Padilla Cintrón  
Commissioner