

Banking and Finance News

Extension of the Corporate Governance Regulation to the Securities Market

Through Resolution No. 5, Minute No. 25 dated June 19, 2025, the Central Bank of Paraguay ("BCP") approved the extension of the Regulation establishing Minimum Standards for Good Corporate Governance (the "Regulation"), expanding its application to entities supervised by the Superintendency of Securities.

Until now, the Regulation, originally adopted by Resolution No. 16/2022, was only applicable to entities supervised by the Superintendency of Banks and the Superintendency of Insurance. With this extension, brokerage firms, fund management companies, issuers, and other securities market entities will also be required to comply with the minimum good corporate governance standards, in line with international best practices.

The Regulation sets out specific guidelines in the following areas:

- **Board Responsibilities:** The board is responsible for the entity's strategy, risk management, organizational culture, and the overall oversight of corporate governance. It must ensure an adequate organizational structure and promote ethical conduct at all levels.
- **Control Culture and Ethical Conduct:** Entities are required to implement clear policies for the prevention of conflicts of interest, adopt codes of ethics, and establish mechanisms for resolving internal conflicts.
- **Strategic Objectives and Corporate Values:** Entities must have a strategic framework approved by the board, aligned with their risk appetite, and ensure its communication and enforcement throughout the organization.
- **Information Technology ("IT"):** Entities must establish adequate policies and structures for IT management, with a particular focus on security, regulatory compliance, and support for strategic decision-making.

As a result of this extension, Title 27 of the General Regulation of the Securities Market, which previously regulated this matter only partially for securities market entities, has been repealed. The previous framework is now replaced by a consolidated and unified version, applicable to all entities supervised by the BCP's Superintendencies.

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