

TRANSLATION

July 31, 1998
CIRCULAR No. 8-98

General Manager

Subject: Anti-Money Laundering Regulations (Art. 164, D.L. 9 of 1998; C.D. 41 of 1990; Law 46 of 1995; E.D. 234 of 1996; NBC Rules Nos. 5-90, 1-91, 2-96, 1-97, 2-97, 3-97).

Dear General Manager:

Hereby, we would like to remind you the enactment of regulations that the Republic of Panama has adopted to combat money laundering from drug trafficking, which are compiled, mainly and among others, in Cabinet Decree No. 41 of 13 February 1990, and amendments made by Law 46 of 17 November 1995.

As you may know, such provisions, in first instance, require banks to:

1. Comply with the "know your client" policy.
2. Declare cash and quasi-cash transactions, pursuing the provisions established to that end.
3. Examine with special attention any transaction between the Bank and its customer that, independently of its amount, may be particularly involved in money laundering from drug-related illicit operations.
4. Inform directly and by own initiative to the Financial Analysis Unit, created by means of Executive Decree No. 136 of 1995, any fact, transaction or operation whereby the Bank suspects that such a transaction is related to money laundering from drug-related illicit activities.
5. Refrain from revealing to the customer and or third party, that this information was given to the Financial Analysis Unit as provided for in Cabinet Decree No. 41 of 1990, and its amendments, or that there is any transaction or operation under examination because it is suspected to be involved in money laundering from drug-related illicit activities.
6. Establish procedures and internal control and communication bodies that will prevent to carry out operations involved with money laundering from drug-related illicit activities. The suitability of such procedures and control bodies shall be supervised by the

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Superintendency of Banks that may propose timely corrective measures in accordance with the viability of the usual operations of legit users.

7. Adopt timely measures for bank employees to know the requirements derived from the Cabinet Decree No. 41 of 1990, and its amendments.
8. Keep for a five (5) year period the documents proving adequately the operations that were carried out and the identity of the persons that executed those.

Due compliance with the obligations contained in the provisions above and Regulations issued by the National Banking Commission, as well as its oversight and sanctions for failing to comply with these provisions, will be demanded and supervised by this Office, as established in Article 164 of Decree Law 9 of 26 February 1998.

Best regards,

Carlos A. Vallarino R.
Superintendent of Banks

Joseph Fidanque
Chairman of the Board of Directors
Superintendency of Banks

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