

**REPUBLIC OF PANAMA
SUPERINTENDENCY OF BANKS**

January 11, 2005.
Circular No. 001-2005

General Manager

RE: Politically Exposed Persons (PEPS)

Dear Sir:

As you know, Circular No. 026-2003 of June 25, 2003 informed to the Banks the publication of the new 40 Recommendations of the International Financial Action Group GAFI-FATF. Said version contains significant changes and includes the 9 Special Recommendations for the Financing of Terrorism.

From the above, we remind you kindly that the sixth recommendation points out the measures to be implemented regarding Politically Exposed Persons (PEPS), which we transcribed below:

6. In connection with politically exposed persons, financial institutions, in addition to implementing the measures on normal due diligence procedures, should:
 - a) have appropriate risk management systems to determine whether the client is a politically exposed person;
 - b) obtain the approval from the directives of highest hierarchy to establish commercial relations with those clients;
 - c) take reasonable measures to determine what is the origin of the riches and the origin of the funds;
 - d) Carry out the most exhaustive permanent surveillance of the commercial relationship.

For your fast reference, we suggest you to go to the link of the page of GAFI, located in the Anti-laundering section, in related sites of our web page in the Internet www.superbancos.gob.pa.

There being no other particular, we remain,

Yours truly,

Delia Cárdenas
Superintendent