



April 12, 2016  
Circular N° SBP-FECI-0048-2016

General Manager

Subject: Interpretation Criterion of the FECI  
Commission on "Financial Factoring"

Dear General Manager:

Pursuant to the provisions of Article 3 of Executive Decree 29 dated 8 August 1996, the FECI Commission has the authority to enact the necessary measures to execute Law 4 dated 17 May 1994 and its regulating provisions.

In that sense and as a result of the inquiries received, the FECI Commission hereby clarifies that "financial factoring" is a transfer of credit as provided for in Article 2 of Law 4 of 1994, and is therefore not a loan that can be agreed to and then paid or cancelled early in order to subsequently claim a reimbursement of the 1% withholding that had been made under the FECI Regime.

Considering this and for the relevant purposes, you will find the full text of the aforementioned clarification and criterion enclosed. Furthermore, the link at which you can consult the criterion, known as Criterion 43, under "*Criteria for interpreting the FECI pursuant to inquiries about Withholding,*" can be found at <https://www.superbancos.gob.pa/superbancos/documentos/feci/criteria/Criteria.pdf>

We would greatly appreciate your providing the necessary instructions to your staff for compliance with the provisions of the clarification and criterion referred to herein. cession

Sincerely yours,

Ricardo G. Fernandez D.  
Superintendent

Enc.: A/s