



April 12, 2016
Circular N° SBP-FECI-0049-2016

General Manager

Subject: Interpretation Opinion of the FECI
Commission on "Financing for the
purchase of shares"

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 on the possibility of exempting loans granted for the "acquisition of housing through the purchase of a company" from the 1% of the FECI Regime, the FECI Commission announces that it has issued a criterion establishing that these loans are subject to the 1% FECI withholding, regardless of the assets held by the company, because no provision in Law 4 of 1994 provides them an exemption. That is, the activity is not exempt from the FECI Regime.

Considering this and for relevant purposes, you will find the full text of the aforementioned clarification and criterion enclosed. Furthermore, the link where you can consult the criterion, known as Criterion 44, 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.

Sincerely yours,

Ricardo G. Fernandez D.
Superintendent

Enc.: A/s