

Republic of Panama

Superintendency of Banks

BOARD OF DIRECTORS' GENERAL RESOLUTION SBP-GJD-0004-2014
(dated 28 January 2014)

“Which provides additional criteria for interpreting Article 4 of Rule 12-2005.”

THE BOARD OF DIRECTORS
In use of its legal powers and,

CONSIDERING

That due to the issuance of Decree Law 2 dated 22 February 2008, the Executive Branch reedited Decree Law 9 dated 28 February 1998 and all of its amendments as a sole text, and that this text was approved by means of Executive Decree 52 dated 30 April 2008, hereinafter referred to as the Banking Law;

That pursuant to Paragraph 5, Section I of Article 11 of the Banking Law, the Board of Directors is responsible for establishing the administrative interpretation and scope of the legal provisions and regulations on banking matters;

That Law 42 dated 2 October 2000 provides the measures for the prevention of money laundering and requires banks and trust companies to maintain due diligence and care in their operations to avoid these transactions being performed with or on funds coming from activities related to money laundering;

That pursuant to Article 114 of the Banking Law, banks and other entities supervised by the Superintendency will adopt policies, practices, and procedures that will allow them to know and identify their clients and their employees with the greatest certainty possible, with the Superintendency retaining the power to develop the relevant standards in conformity with existing policies and regulations in the country;

That Rule 12-2005 issued by the Superintendency of Banks established the guidelines for the prevention of the misuse of banking and trust services;

That during the Board of Directors' working sessions it became obvious and it was necessary and advisable to provide certain criteria for interpreting Article 4 of Rule 12-2005 to banks.

RESOLVES:

ARTICLE 1. SUITABLE IDENTIFICATION DOCUMENT. For the purposes of Article 4, paragraph 1, **subparagraph a** of Rule 12-2005, the following will be understood as suitable identification documents:

1. For a Panamanian citizen, the personal identification card or the official application for a personal identification card when the document is being processed. The passport is also acceptable for a Panamanian citizen residing abroad.

TRANSLATION

2. For a foreign citizen, the passport. Foreigners that have obtained permanent residency in Panama may also use the personal identification card issued by the Electoral Tribunal of Panama.

In both cases, the document must be current when being provided to open bank accounts.

In the case of expired identification cards, the bank may update them in their respective files by checking the Electoral Court's databases, without the client having to physically present the document. Expired passports must be updated by the client.

For people in our country as a permanent resident under refugee or asylum status, the bank may accept the ID card issued by the National Immigration Services for identification.

ARTICLE 2. RECOMMENDATIONS OR REFERENCES FOR THE CLIENT, ACCOUNTHOLDERS AND SIGNATORIES. The requirement to obtain recommendations or references for the client and each accountholder and authorized signatory referred to in Article 4, paragraph 1, **subparagraph b** of Rule 12-2005, can be met with one (1) bank reference.

If the client is referred by an entity in the same banking group as the one in which the client wants to perform the transaction, that one reference will be sufficient.

If the client cannot provide the reference or recommendation mentioned above, the bank can meet this due diligence requirement by obtaining one (1) personal reference or one (1) commercial reference provided by companies, suppliers, risk rating agencies or information agencies, such as the database record the bank can download from the Panamanian Credit Association (APC, for its acronym in Spanish).

The bank may obtain the above references by means of the information provided by the client in the forms used to open a bank account. If these references cannot be checked or there are reasonable grounds to believe that they are not trustworthy or are inconsistent, the bank may require the client provide them in writing for retention in his/her file.

For people with refugee status, the requirement to obtain the recommendations or references, in Article 4, subparagraph b of Rule 12-2005, can be verified by obtaining a letter or resolution issued by the National Office for the Care of Refugees of the Ministry of Government, verifying the person's background.

ARTICLE 3. PASSPORT. For the purposes of Article 4, paragraph 1, **subparagraph c** of Rule 12-2005, only a copy of the passport page(s) with the picture, signature and general data of the client and the page with the entry stamp for the country is needed to meet the passport requirement. To update the file, only a copy of the page(s) with the picture, signature and general data of the client is required.

For clients acquired abroad by the bank, acquired by group affiliates, or acquired by international license banks, the copy of the passport page with the entry stamp for the country will not be required. These clients can also be identified by an official identification document from their country of origin containing their picture, general data and signature.

ARTICLE 4. CERTIFICATION PROVING THE INCORPORATION AND EXISTENCE OF A LEGAL ENTITY. For the purposes of Article 4, paragraph 1, **subparagraph g** of Rule 12-2005, the requirement for obtaining the certifications proving the incorporation and existence of a legal entity will be met as follows:

1. Copy of the articles of incorporation of the Panamanian legal entity or its equivalent for a foreign legal entity.

TRANSLATION

2. For a Panamanian legal entity, the original or copy of the Public Registry certificate or the information extracted from the database of the Public Registry by the client or the bank itself, proving the existence of and general data for the legal entity.
3. Foreign legal entities must submit the equivalent of the above documents verifying the incorporation and existence of the foreign legal entity.

ARTICLE 5. IDENTIFICATION OF FINAL BENEFICIARY. For the purposes of Article 4, paragraph 1, **subparagraph g** of Rule 12-2005, if the final beneficiary is a corporation, banks must take the necessary steps to identify the shareholders owning a share equal to or higher than ten percent (10%) of the issued shares of the respective corporation. Corporations listed in the stock market, public companies and banks are exempt from this requirement.

For legal entities such as private interest foundations, nonprofit organizations or others whose final beneficiaries cannot be identified by stockholders, the bank must obtain a document, certification or affidavit duly signed by the representatives or authorized persons, which identifies the final beneficiary or beneficiaries having a percentage equal to or higher than ten percent (10%).

For opening bank accounts on behalf of a trust fund, the bank must ensure it identifies the trustor as the final beneficiary. When the trustor is a legal entity, the provisions above will be applied to identify the final beneficiary, both for corporations and for other legal entities.

ARTICLE 6. IDENTIFICATION OF DIGNITARIES, DIRECTORS, AGENTS AND LEGAL REPRESENTATIVES. For the purposes of Article 4, paragraph 1, **subparagraph g** of Rule 12-2005, it is understood that only a copy of the personal identification card of the Chairman and/or Legal Representative, as applicable, the secretary, people appointed as signatories and agents of the legal entity are required for the identification of their dignitaries, directors, agents and legal representatives. In the case of foreign legal entities, the above requirements will be met when applicable.

The above does not obviate the bank's obligation to maintain the names, surnames and identification numbers of all of the persons referred to in that provision that were provided by the client in writing on the forms used to open bank accounts.

ARTICLE 7. FINANCIAL PROFILE. For the purposes of Article 4, paragraph 1, **subparagraph h** of Rule 12-2005, the financial profile will be understood to be the transactional profile or expected activity of the account, and can be verified by any of the following documents for each case:

1. Job letter,
2. Social security stub,
3. Payment voucher,
4. Audited financial statements or income tax declaration,
5. Information provided by the client in the forms for opening the account,
6. Any other legal or contractual documentation proving client's income.

ARTICLE 8. SOURCE AND ORIGIN OF RESOURCES. For the purposes of Article 4, paragraph 1, **subparagraph h** of Rule 12-2005, it is understood that source and origin of resources refers to the documentation on the source of the first deposit made to the account in the application to open the account.

If the bank has reasonable grounds to believe that the information provided by the client is inconsistent or not reliable, the bank must require the client provide evidence in writing to be kept in the relevant file.

ARTICLE 9. DUE DILIGENCE ON TRUST COMPANY CLIENTS AND THEIR RESOURCES. The criteria herein will be applicable for the purposes of compliance with

TRANSLATION

Page 4 of 4
General Resolution SBP-GJD-0004-2014

the due diligence requirements on trust company clients and their resources in Article 5 of Rule 12-2005.

Given in the city of Panama on the twenty-eighth (28th) day of January, two thousand fourteen (2014).

LET IT BE KNOWN, PUBLISHED AND ENFORCED.

THE CHAIRMAN,

THE SECRETARY,

Nicolás Ardito Barletta

L.J. Montague Belanger