

**REPUBLIC OF PANAMA
SUPERINTENDENCY OF BANKS****OTHER FINANCIAL REPORTING ENTITIES AML RESOLUTION N° 1-2018**
(dated 21 December 2018)

“Whereby the method for the calculation of examination costs for other financial reporting entities is established”

THE SUPERINTENDENT OF BANKS
in use of his legal powers, and

WHEREAS:

Due to the issuance of Decree Law 2 dated 22 February 2008, the Executive Branch re-edited Decree Law 9 dated 26 February 1998 and all its amendments as a consolidated text, and this text was approved by means of Executive Decree 52 dated 30 April 2008, hereinafter referred to as the Banking Law;

Pursuant to the provisions of Article 4 of the Banking Law, the Superintendency will have the exclusive competence to regulate and supervise the banks, the banking business and other entities and activities assigned to it by other laws;

According to Article 22 of Law 23 of 2015, amended by Article 123 of Law 21 dated 10 May 2017, it is established that the Superintendency of Banks is authorized to supervise financial reporting entities for the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction;

In accordance with Article 82 of Law 21 of 2017, the Superintendency of Banks must conduct an examination of every financial reporting entity assigned to it for its supervision by the provisions of Law 23 of 2015, aimed at verifying whether in the course of business the financial reporting entities have met these provisions; and the costs of this examination and incidentals will be paid by these financial reporting entities;

Paragraph 13 of Article 16 of the Banking Law establishes that one of the technical duties of the Superintendent is to carry out the inspections ordered by the Decree Law, the Board of Directors, and those considered necessary or prudent;

Other Financial Reporting Entities AML Rule 3-2018 dated 28 August 2018 develops the definition of “Other financial reporting entities examination” contained in Article 82 of Law 21 of 2017;

Article 2 of Other Financial Reporting Entities AML Rule 3-2018 establishes that examinations of other financial reporting entities will be understood as the set of actions carried out by the Superintendency of Banks to supervise the operations conducted by financial reporting entities in verifying compliance with the legal provisions of Law 23 of 2015 and its regulations adopting measures to prevent money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction;

Article 3 of Other Financial Reporting Entities AML Rule 3-2018 provides that the fixed and variable costs the Superintendency of Banks incurs for the continuous oversight of other financial reporting entities in order to verify that they have the internal control policies, mechanisms, procedures and other requirements established in the regulations for the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction will be considered costs of examinations of other financial reporting entities;

Pursuant to Article 4 of Other Financial Reporting Entities AML Rule 3-2018, the Superintendent of Banks will quantify the cost required for examining the different financial reporting entities annually;

During the Superintendency's working sessions it was determined that it was necessary and advisable to establish a methodology for the calculation of the costs for examining other financial reporting entities.

RESOLVES:

ARTICLE 1. SCOPE OF APPLICATION. The methodology for the collection of examination costs established herein will be applied to the financial reporting entities listed below:

1. Finance companies;
2. Leasing companies;
3. Factoring companies;
4. Issuers or processors of debit, credit and pre-paid cards, whether they are individuals or legal entities, including those issuing and operating their own cards;
5. Entities issuing payment instruments and e-money;
6. Exchange bureaus, operating in any form, whether by physical delivery or the purchase of future contracts, and whether or not this is their main activity;
7. Banco de Desarrollo Agropecuario (Agriculture Development Bank);
8. Banco Hipotecario [Nacional] (National Mortgage Bank);
9. Housing savings and loans corporations.

ARTICLE 2. COSTS FOR EXAMINING OTHER FINANCIAL REPORTING ENTITIES. The methodology for the calculation of costs for examining other financial reporting entities referred to herein will be adopted beginning in 2019. This calculation will be made proportionately, based on the value of the assets that must be reported to the Superintendency.

ARTICLE 3. METHODOLOGY OF COSTS FOR EXAMINING OTHER FINANCIAL REPORTING ENTITIES. The methodology for the calculation of the examination costs applied to the financial reporting entities referred to herein will be made taking as reference the value of its assets [at the end of] the previous year:

Asset value	Examination cost
From B/.0.00 to B/.40,000,000.00	B/.2,500.00
From B/.40,000,001.00 to B/.80,000,000.00	B/.5,000.00
From B/.80,000,001 onwards	Based on 0.0065% of the average assets from the previous year

ARTICLE 4. PAYMENT TERM. The payment corresponding to the cost established in the previous Articles will be made in one single annual payment during the first 20 business days following notification of the relevant invoice, which the Superintendency will transmit during the first 6 months of every year.

PROVISO 1. The financial reporting entities that, as of the enactment of this Resolution, are authorized by the relevant body to engage in the businesses referred to in Article 1, will pay the examination costs in proportion to the average assets that resulted from the months between January and December 31 of the previous year.

PROVISO 2. As for the new financial reporting entities authorized to operate or engage in the business and over which the Superintendency conducts the supervision on the prevention of money laundering will be exempt from the examination costs during their first year of operations following the date of issuance of the authorization to engage in the relevant business.

ARTICLE 5. DELINQUENCY. A monthly one percent (1%) surcharge on the value of the invoice issued by the Superintendency of Banks will be applied to the financial reporting entities mentioned herein who do not pay within the period established in Article 4.

ARTICLE 6. REVIEWS. The provisions herein will be reviewed by the Superintendency on an annual basis.

ARTICLE 7. ENACTMENT. This Resolution shall become effective upon its promulgation.

Given in the city of Panama on the twenty-first (21st) day of December, two thousand eighteen (2018).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT,

THE SUPERINTENDENT OF BANKS,

Ricardo G. Fernandez D.