

Republic of Panama
Superintendency of Banks

RULE No. 001-2013
(dated 8 January 2013)

“Whereby the rules for simplified process accounts are established”

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 26 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 the provisions of Article 5, paragraph 1 of the Banking Law, the objective of the Superintendency of Banks is to safeguard the soundness and efficiency of the banking system;

That pursuant to the provisions of Article 11, paragraph I, subparagraph 5 of the Banking Law, it is the duty of the Board of Directors to establish the interpretation and scope of the legal provisions and regulations on banking matters;

That with the aim of promoting and increasing financial inclusion levels in Panama, the Superintendency of Banks has recognized the need to create adequate legal frameworks facilitating the development of innovative business models to promote new savings and payment channels and products to be adapted to the needs of people with limited resources, whose access to the financial system is very limited;

That by means of Law 42 dated 2 October 2000, the measures for the prevention of money laundering were established;

That pursuant to the provisions of article 114 of the Banking Law, banks and other entities supervised by the Superintendency must adopt policies, practices and procedures that will allow them to know and identify their clients and their employees with the greatest certainty possible, as part of the process of prevention; and that the Superintendency retains the authority to develop the relevant standards in conformity with policies and regulations in force in the country;

That Rule 12-2005 dated 14 December 2005 establishes that all banks must comply diligently with the rules for dealing with their clients and the resources they bring to the contractual relationship, regardless of the amount of the transaction, and to keep the accounts continually updated;

That the Financial Action Task Force (FATF) prepared a guide on the measures for the prevention of money laundering and the financing of terrorism within the framework of financial inclusion; and that this guide encourages countries to continue carrying out projects to achieve financial inclusion without jeopardizing the

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fight against organized crime, focusing their efforts on establishing measures for combating anti-money laundering and financing of terrorism that do not hinder the access to regulated financial services for economically marginalized and underserved groups;

That in view of this it is necessary to implement a regulation that permits the existence of accounts whose opening process is simplified and aligned to international standards, with due diligence in identifying clients according to their risk profile;

That during the Board of Directors' working sessions it became obvious that it was necessary and advisable to establish rules applicable to low-transaction deposit accounts designed to facilitate financial inclusion, in order to simplify the process for opening these accounts.

RESOLVES:

ARTICLE 1. SCOPE OF APPLICATION. The provisions of this Rule will be applied to state-owned banks and general license banks that may wish to open simplified process accounts pursuant to the provisions of this Rule.

ARTICLE 2. SIMPLIFIED PROCESS ACCOUNTS. For the purposes of the application of the provisions herein, simplified process accounts are those meeting the following minimum requirements:

1. The account is opened by nationals or foreign persons residing in Panama.
2. The account is solely an individual account.
3. The account is expressed in national currency.
4. The account balance cannot exceed one thousand balboas (B/.1,000.00) at any time.
5. Cumulative monthly deposits and withdrawals cannot be higher than one thousand five hundred balboas (B/.1,500.00)

PROVISO 1. The bank must ensure it has the controls allowing it to comply with the maximums established in paragraphs 4 and 5 of this article. For this they shall implement the mechanisms necessary to avoid exceeding the established limits.

PROVISO 2. It will be up to the bank's discretion whether it offers these accounts to national citizens and foreigners or to national citizens alone.

ARTICLE 3. NONBANKING CORRESPONDENTS. Simplified process accounts can be opened at nonbanking correspondent establishments, applying controls previously established by contracting banks.

ARTICLE 4. PARAMETERS FOR IDENTIFYING CLIENTS. To open simplified process accounts, banks are not required to meet the due diligence requirements established in article four (4) of Rule 12-2005. Instead, they shall comply, at a minimum, with the following identification and verification requirements and include them in the client's records:

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1. Client's full name and personal identification number as they appear on the personal identification card or foreign resident ID card, as applicable, and an updated address as provided by the client.
2. In cases where the simplified process account applicant is a foreigner holding only a foreign resident ID card, and not a personal identification card, the bank opening the account must keep a noncertified copy of the applicant's foreign resident ID card.
3. The bank must verify the name and personal identification card number with the information held by the Civil Registry, but may do so after opening the simplified process account if there are technical limitations. This verification must be made within thirty (30) days of opening the account. If the information furnished by the client cannot be verified, the bank must close the account.

ARTICLE 5. INTERNAL CONTROLS. When offering the public simplified process accounts, banks must have procedures in place that will allow them to monitor, evaluate and control the risks taken, in order to avoid the abuse of this type of account, to guarantee their operation within prescribed parameters and to take those additional measures necessary for keeping the product within the limits set for accounts having a low risk of money laundering and the financing of terrorism.

ARTICLE 6. ELECTRONIC LINKING FOR SIMPLIFIED PROCESS ACCOUNTS. Banks may link simplified process accounts to diverse electronic channels or means, such as mobile phones, internet or points of sale, as long as they are made part of the client's identification registration as provided for herein. Banks shall also establish and document the mechanisms for identifying the client and define procedures to prevent misuse of these electronic means and channels, pursuant to the regulations applicable to E-Banking, Technology Risk, and Prevention of the misuse of Banking and Trust Services, issued by the Superintendency of Banks.

ARTICLE 7. PROHIBITIONS. Use of simplified process accounts will be subjected to the following prohibitions:

1. A person cannot hold more than one simplified process account in the same bank.
2. The client cannot exceed the balance and transactional limits established in article 2 of this Rule.

ARTICLE 8. OTHER PRODUCTS. Banks may submit other products that, in the bank's opinion, could be provided under a simplified procedure, for the approval of the Superintendency. The bank must submit the documentation proving the low risk of the product, as well as the applicable controls.

ARTICLE 9. PROTECTION OF THE BANK CUSTOMER. The bank must ensure it provides its customers enough information to allow them to be aware of the mechanisms for filing claims or complaints pursuant to the parameters established in Titles V and VI of the Banking Law and its enabling regulations.

ARTICLE 10. PENALTIES. In cases of failure to comply with the provisions herein, the Superintendency will apply the penalties established in Title IV of the Banking Law.

ARTICLE 11. ENACTMENT. This Rule shall become effective on January 8, 2013.

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Given in the city of Panama on the eighth (8th) day of January, two thousand thirteen (2013).

LET IT BE KNOWN, PUBLISHED AND ENFORCED.

THE CHAIRMAN,

THE SECRETARY,

Félix B. Maduro

Nicolás Ardito Barletta