

TRANSLATION

Republic of Panama Superintendency of Banks

RULE N°. 8-2017
(dated 19 September 2017)

“Whereby Article 1 of Rule 5-2015 on preventing the misuse of services provided by other regulated entities under the supervision of the Superintendency of Banks is amended”

THE BOARD OF DIRECTORS
in use of its 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 paragraph 1 of Article 5 of the Banking Law, safeguarding the soundness and efficiency of the banking system is an objective of the Superintendency of Banks;

Pursuant to paragraph 2 of Article 5 of the Banking Law, fostering favorable conditions for the development of the Republic of Panama as an International Financial Center is an objective of the Superintendency of Banks;

Article 112 of the Banking Law provides that banks and other entities supervised by the Superintendency are required to establish policies and procedures and internal control structures to prevent their services being used improperly for criminal purposes in money laundering, the financing of terrorism and other crimes that are related or similar in nature or origin;

Article 113 of the Banking Law establishes that banks and other entities supervised by the Superintendency will submit the information required by law, decrees and other regulations in force in the Republic of Panama for the prevention of money laundering, the financing of terrorism and other crimes that are related or similar in nature or origin. Furthermore, they are required to submit this information to the Superintendency whenever it may so require;

According 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. The Superintendency is authorized to develop the relevant standards, in conformity with policies and regulations in force in the country;

By means of Law 41 dated 2 October 2000, amended by Law 1 dated 5 January 2004, a chapter entitled “Money Laundering” was added to Title XII of the Criminal Code. Article 1 of this chapter criminalizes money laundering;

By means of Law 23 dated 27 April 2015, measures for preventing money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction were adopted;

Article 19 of Law 23 of 2015 designates, among others, the Superintendency of Banks as a supervisory body;

Paragraph 7 or Article 20 of Law 23 of 2015 establishes that among the duties of the supervisory bodies are issuing guidance on regulatory enforcement and feedback to regulated financial and nonfinancial entities and for activities subject to supervision that are performed by professionals, as well as issuing procedures for identifying the final beneficiaries of legal entities and other legal structures;

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Article 22 of Law 23 of 2015 identifies the regulated financial entities that the Superintendency of Banks will supervise on the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction;

Article 123 of Law 21 dated 10 May 2017 amended Article 22 of Law 23 of 2015 adding other regulated entities;

According to the provisions of Law 23 of 2015 on the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction, the Superintendency of Banks will supervise and regulate other regulated entities besides banks and trust companies – which are already under its supervision – on the prevention of money laundering;

By means of Rule 5-2015 dated 27 July 2015, the Superintendency of Banks establishes the measures related to preventing the misuse of services provided by other regulated entities under the supervision of the Superintendency;

During its working sessions, the Board of Directors determined it necessary and advisable to amend Article 1 of Rule 5-2015 in order to include new regulated entities provided by Article 123 of Law 21 dated 10 May 2017.

RESOLVES:

ARTICLE 1. Article 1 of Rule 5-2015 shall read as follows:

“ARTICLE 1. SCOPE OF APPLICATION. Pursuant to the provisions of Article 22 of Law 23 of 2015, which adopts measures for preventing money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction, the Superintendency of Banks shall be responsible for regulating and supervising new regulated entities on these issues. The provisions herein will be applied to the following regulated entities:

1. Finance companies;
2. Financial leasing companies;
3. Factoring companies;
4. Issuers and processors of prepaid cards, debit cards and credit cards, whether individuals or legal entities, including those issuing and operating their own cards, except for banks that already have a regulation on this matter;
5. Issuers of payment instruments and electronic money;
6. Other corporate services conducted by trust companies;
7. Remittance companies, whether or not it is their main activity;
8. Exchange bureaus, in any form, whether by physical delivery or the purchase of future contracts, whether or not it is their main activity;
9. Banco de Desarrollo Agropecuario (Agricultural Development Bank);
10. Banco Hipotecario Nacional (National Mortgage Bank);
11. Housing savings and loans corporations.”

ARTICLE 2. ENACTMENT. This Rule shall become effective upon its enactment.

Given in the city of Panama on the nineteenth (19th) day of September, two thousand seventeen (2017).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE CHAIRMAN,

THE SECRETARY,

Louis-Jean Montague Belanger

Nicolas Ardito Barletta