

Republic of Panama
Superintendency of Banks of Panama

RULE No. 1-2025
(February 11, 2025)

“Adopting an Indicative Guide to the Listing of Positions of
Politically Exposed Persons”

THE BOARD OF DIRECTORS
in the exercise of its legal powers and,

WHEREAS:

Upon the issuance of Decree Law 2, dated 22nd February 2008, the Executive Branch re-edited Decree Law 9, dated 26th February 1998, along with all its amendments, as a consolidated text. This consolidated text was approved by Executive Decree 52, dated 30th April 2008, hereinafter, referred to as the Banking Law,

In accordance with Article 4 of the Banking Law, the Superintendency of Banks shall have exclusive jurisdiction to regulate and supervise banks, the banking business, and other entities and activities assigned to it by other laws.

According to Article 5, section 2, of the Banking Law, the objective of the Superintendency of Banks is to strengthen and encourage favorable conditions for the development of the Republic of Panama as an International Financial Center,

Article 112 of the Banking Law establishes that banks and other entities supervised by the Superintendency shall be compelled to establish policies, procedures, and internal control structures to prevent their services from being misused for the crimes of money laundering, terrorist financing, and other related or similar crimes.

Article 113 of the Banking Law establishes that banks and other entities supervised by the Superintendency shall provide the information required by laws, decrees, and other regulations for the prevention of money laundering, terrorist financing, and other related or similar crimes in force in the Republic of Panama. It also indicates that they shall be obligated to provide such information to the Superintendency when requested.

FATF Recommendation 12 specifies that financial institutions should be required, with respect to their treatment of politically exposed persons, to carry out additional activities beyond regular due diligence measures, such as having appropriate risk management systems to determine whether the client is a politically exposed person; obtaining senior management approval to establish or continue business relationships with the client; adopting reasonable measures to establish the client's source of wealth and source of funds; and conducting enhanced ongoing monitoring of the business relationship;

By means of Law No. 23 dated April 27, 2015, measures are adopted to prevent money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction.

In accordance with the provisions of Article 22, Section 1 of Law No. 23 of 2015, the Superintendency of Banks is responsible for supervising banks, trust companies, and other reporting entities in matters of prevention of money laundering, terrorist financing, and financing of the proliferation of weapons of mass destruction.

Article 4, Section 18 of Law No. 23 of 2015 defines politically exposed persons as those nationals or foreigners who perform high-level or prominent public functions or those with command and jurisdiction in a State, such as, but not limited to, heads of state or government, high-profile politicians, high-ranking government, judicial, or military officials, senior executives of state-owned companies or corporations, public officials holding elected positions, among others, who exercise decision-making power in public entities; as well as individuals who perform or have been entrusted with important functions by an international organization, such as members of senior management (e.g., directors, deputy directors, and members of the board of directors or equivalent positions);

Rule No. 10-2015 dated June 27, 2015, and its amendments, establishes parameters for the prevention of misuse of banking and trust services.

Rule No. 10-2015 establishes a definition of politically exposed person aligned with Law No. 23 of 2015 and it specifies that banks and trust companies must undertake expanded or enhanced due diligence of the client and/or ultimate beneficiary when dealing with people classified as politically exposed, whether national or foreign, and must pay special attention and take appropriate measures for such clients.

During this Superintendency's work sessions, it was exposed the necessity to adopt the indicative Guide to the Listing of Positions of Politically Exposed Persons, with the purpose of illustrating to banks and trust companies the necessary methodology to establish its control.

RESOLVES:

ARTICLE 1. PURPOSE. The purpose of this Rule is to adopt an indicative guide of positions which, due to their sensitive nature in matters of anti-money laundering, counter-terrorism financing, and financing of the proliferation of weapons of mass destruction, are considered key functions. This guide is intended to serve as a non-exhaustive reference for banks and trust companies regarding positions held by clients who may be classified as politically exposed persons (PEPs). Likewise, entities subject to anti-money laundering regulations must ensure that the risk assessment methodology used for client identification is effective and includes the necessary mechanisms to identify politically exposed persons.

ARTICLE 2. SCOPE OF APPLICATION. In accordance with the provisions of Article 22 of Law No. 23 dated April 27, 2015, which adopts measures to prevent money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction, this guide is addressed to the following reporting entities:

- a. Banks and banking groups as defined by the Superintendency of Banks.
- b. Trust companies.

ARTICLE 3. DEFINITION OF POLITICALLY EXPOSED PERSON (PEP). As established in Article 4, section 18, of Law No. 23 of 2015, and pursuant to Article 22 of Rule No. 10-2015, a PEP shall be any national or foreign individual who holds prominent public functions at a high level or exercises authority and jurisdiction in a State, including but not

limited to: Heads of State or government, high-profile politicians, senior government, judicial, or military officials, senior executives of state-owned companies or corporations, public officials elected by popular vote, among others who make decisions within public entities; and individuals who perform or have been entrusted with important jobs by an international organization, such as members of senior management, including directors, deputy directors, and board members or equivalent roles.

In compliance with Article 23 of Rule No. 10-2015, all clients classified as politically exposed persons shall be considered high-risk clients.

ARTICLE 4. CRITERIA FOR ASSESSING THE METHODOLOGY USED TO IDENTIFY POLITICALLY EXPOSED PERSONS. Reporting entities on matters of anti-money laundering must ensure that the methodology used to identify politically exposed persons includes the following elements:

- a. Definition of how they will maintain an up-to-date list of the positions set forth in Annex No. 1 of this Rule, without prejudice to include any other position that, in the judgment of the reporting entity, should be considered as such. They must also identify the names of individuals holding the positions listed in the Annex No. 1 catalog. These elements must be integrated into processes, technological tools, or automated systems that demonstrate effective application at the beginning of the client relationship or at any point required by internal processes, in compliance with Law 23 of 2015. The search for natural persons, their names, and/or positions must ensure that those listed in the Annex No. 1 catalog are at least identified in the results.
- b. There must be evidence that the process, tool, or automated system includes mechanisms that allow:
 - i. Ensuring that the list of positions and names is kept up to date.
 - ii. Maintaining controls to determine the degree of match in client searches.
 - iii. Keeping logs or digital records of data updates integrated by the supervised entity to comply with this Rule.
 - iv. Ensuring phonetic searches are conducted, and not only exact matches, in order to prevent identification errors.
 - v. Including a function to add and remove names and positions within the process, technological tool, or automated system.
 - vi. Ensuring that the process, technological tool, or automated system allows for individual or bulk searches of the reporting entity's clients.
- c. Clients identified with at least one of the positions included in the Annex No. 1 catalog shall be automatically assigned as high-risk level.

ARTICLE 5. INDICATIVE GUIDE TO THE CATALOG OF POSITIONS CONSIDERED POLITICALLY EXPOSED PERSONS. The Indicative Guide to the catalog of positions considered politically exposed in the Republic of Panama is hereby adopted, as established in Annex No. 1 of this Agreement.

Paragraph. After conducting the due diligence process and analyzing each client's information, obligated entities may classify any client as a Politically Exposed Person if their position matches the parameters and guidelines set forth in item 18 of Article 4 of Law 23 of 2015, even if the position held is not listed in the catalog of positions contained in Annex No. 1 of this Agreement.

ARTICLE 6. TERM. A person shall be considered a PEP from the moment of their appointment until their separation from the position, and for an additional period of two (2) years following the termination of the functions and responsibilities for which they were classified as a PEP.

ARTICLE 7. EFFECTIVE DATE. This Rule shall enter into force upon its publication.

Issued in Panama City on the eleventh (11th) day of February of the year two thousand twenty-five (2025).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT.

THE CHAIRPERSON,

THE SECRETARY,

(signed)
Rafael Guardia

(signed)
Adriana Raquel Carles



ANNEX No. 1
INDICATIVE GUIDE TO THE CATALOG OF POSITIONS CONSIDERED
POLITICALLY EXPOSED PERSONS

By way of example, but not limitation, the following individuals shall be considered Politically Exposed Persons (PEPs) in the Republic of Panama, regardless of their nationality or the territory in which they perform their duties, provided they currently hold or have held—within the timeframes established by the anti-money laundering regulatory framework—any of the positions listed below:

1. Presidents, Prime Ministers, Heads of State or Government, or similar roles, as well as Vice Presidents, substitutes, or their equivalents.
2. Ministers of State or Secretaries of State, Senior Ministers, Vice Ministers, General Secretaries, Executive Secretaries, and General Administrators of Central Government entities, or high-ranking government officials holding equivalent positions.
3. Members of the Boards of Directors of Central Government entities or their equivalents.
4. Director Generals, Deputy Director Generals, Secretary Generals of autonomous or semi-autonomous entities, or high-ranking officials in equivalent roles.
5. Director and Deputy Director of the Financial Analysis Unit for the Prevention of Money Laundering, Terrorism Financing, and Financing of the Proliferation of Weapons of Mass Destruction.
6. Members of Boards of Directors of autonomous or semi-autonomous entities or similar entities.
7. Mayors and Deputy Mayors of Districts or equivalent regional authorities.
8. Provincial Governors or similar regional authorities.
9. Township (Corregimiento) Representatives and administrative or similar regional authorities, as well as their substitutes.
10. Councilmembers of Municipal Councils and their respective substitutes or equivalent roles.
11. Magistrate of the Supreme Court, Supreme Tribunals, or their equivalents, including their substitutes.
12. Magistrate of Courts of Final Appeals or similar entities.
13. Circuit Judges or similar, regardless of jurisdiction (e.g., civil, criminal, administrative, etc.), including their alternates.
14. Municipal Judges or similar, regardless of jurisdiction (e.g., civil, criminal, administrative, etc.), including their substitutes.
15. Supervising Judges, Compliance Judges, and other criminal jurisdiction roles of similar nature, including their alternates.

16. Electoral Attorney General and Electoral Prosecutors.
17. Magistrates of the Electoral Tribunal or their equivalents, including their substitutes.
18. Comptroller General of Accounts and their substitute.
19. Magistrates of the Court of Accounts or similar bodies, including their alternates.
20. Magistrates of the Tax Administrative Tribunal or similar bodies, and their respective alternates.
21. Magistrates of the Administrative Tribunal of Public Service, including their alternates.
22. Attorney General, Government Attorney, Senior and Circuit Prosecutors, and any other officials performing similar functions.
23. Members of the National Assembly, congresspersons, or similar roles, including their alternates.
24. Members of the Central American Parliament and their respective alternates.
25. Ambassadors, consuls (without distinction between appointed or honorary), or officials holding similar positions on behalf of a State.
26. Senior authorities or directors of international organizations, or similar roles.
27. Director General of the Public Procurement Directorate or similar institutions.
28. Magistrates of the Administrative Public Procurement Tribunal, including their alternates.
29. The Comptroller General and Deputy Comptroller General of the Republic or their equivalents.
30. The Ombudsman or similar positions.
31. Rectors, Vice Rectors, Secretary Generals, and Director Generals of public universities.
32. Director General and Deputy Directors of the National Police or similar security bodies.
33. Director General and Deputy Director of the National Immigration Service.
34. Director General and Deputy Director General of the National Border Service.
35. Director General and Deputy Director General of the National Air and Naval Service.
36. Director Generals, Board Members, and Secretary Generals of state-owned companies or mixed-capital companies in which the State holds a 51% or greater stake, or similar.
37. Superintendent of Banks, Superintendent of the Securities Market, Superintendent of Insurance and Reinsurance, and their Secretary Generals, as well as similar roles in supervisory and regulatory agencies of the financial sector.

38. Superintendent of Non-Financial Entities and their Secretary Generals, as well as similar roles in supervisory and regulatory agencies of the non-financial sector.
39. Director, Deputy Director, and Secretary General of the Panamanian Autonomous Cooperative Institute.
40. Members of Boards of Directors or similar bodies that serve in supervisory and regulatory organizations of the financial and non-financial sectors.
41. General Managers, Deputy General Managers, as well as Governors and Deputy Governors of state-owned banks or central banks.
42. Members of Boards of Directors or similar bodies of state-owned banks or central banks.
43. High-profile political figures who are members of the Board of Directors of Political Parties or other similar leadership bodies.

