

TRANSLATION

REPUBLIC OF PANAMA MINISTRY OF ECONOMY AND FINANCE

EXECUTIVE DECREE N° 363 Dated 13 August 2015

Which regulates Law 23 dated 27 April 2015, which adopts measures for the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction and prescribes other provisions

THE PRESIDENT OF THE REPUBLIC
in use of his constitutional and legal powers,

WHEREAS:

Pursuant to the provisions of Paragraph 14 of Article 184 of the Political Constitution, the President of the Republic, with the participation of the respective Minister, is authorized to regulate those laws that require it, without deviating from their text and spirit, in order to improve compliance;

Law 23 dated 27 April 2015, which adopts measures for the prevention of money laundering, the financing of terrorism and financing of the proliferation of weapons of mass destruction and prescribes other provisions, has among its objectives, the prevention of risks resulting from the possibility of products and services offered by regulated entities described in this law being used as mechanisms or instruments for money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction;

Article 76 of the cited law orders its regulation for the development of the general guidelines of the regulatory framework that must be adopted by the various supervisory bodies and all regulated entities regarding the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction;

In view of the above, it is necessary to develop provisions for achieving understanding and implementation of these rules, in order to fully comply with the objectives of Law 23 dated 27 April 2015,

DECREES:

Article 1. Definitions. For the purposes of this regulation, the terms listed below shall be understood as follows:

1. Money laundering: Behavior, whether personal or through an intermediary, consisting of receiving, depositing, negotiating, transferring or exchanging money, securities, assets or other financial resources that can reasonably be seen as coming from activities related to international bribery, copyright and related rights crimes, intellectual property rights crimes, migrant smuggling, human trafficking, organ trafficking, environmental crimes, commercial sexual exploitation crimes, crimes against the State, crimes against the legal security of electronic media, aggravated fraud, theft, financial crimes, kidnapping, extortion, contract killing, embezzlement, corruption of public officials, wrongful enrichment, pornography and corruption of minors, international car theft or trafficking, including its spare parts and components, forgery of documents, omission or falsification of a traveler's customs declaration regarding money, securities or negotiable instruments, counterfeiting and falsification of other securities, currency and other securities crimes, crimes against the historical heritage of the nation, collective security crimes, terrorism and the financing of terrorism, drug-related crimes, piracy, organized crime, conspiracy, gang activity, possession and trafficking of weapons and explosives, violent appropriation and removal of illegal material, trafficking and receipt of assets resulting from crimes, smuggling, customs fraud, for the

purpose of hiding, concealing or disguising its illegal origin or helping to evade the legal consequences of such offenses.

2. The financing of terrorism: Direct or indirect, personal or collective behavior that provides, organizes or collects legal or illegal funds or assets for use to partially or wholly finance acts of terrorism or any other act aimed at killing or causing serious bodily injury to the public, when the purpose of the act is, in nature or context, to disturb public peace, to intimidate the population, to force a government or international organization to act or refrain from acting, or the existence of individual terrorists, terrorist groups or organizations or benefits them in some way.

The definition includes providing, organizing, collecting or placing resources, funds or assets, property or land at the disposal of the individual terrorist or terrorist organization, irrespective of their use in the commission of any of the crimes defined in Chapter I of Title IX of Book II of the Penal Code on Terrorism and the Financing of Terrorism.

3. Relevant due diligence measures: Comprises the due diligence established in Article 9 herein.

Article 2. Introduction. Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision must implement processes for appropriately managing the risk of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction, providing for the application of due diligence measures to their customers, their transactions and their employees according to the risk level, in order to identify operations related to those crimes in accordance with the Law and its enabling regulations.

TRANSLATION

Each supervisory body may establish appropriate criteria for the sector they regulate within their area of competence and the scope of their powers.

Article 3. Risk-based approach. According to the size and complexity of their activities, regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision must implement the risk-based approach aimed at identifying, assessing, monitoring, managing and mitigating risks related to money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction. To that purpose, they shall implement basic, simplified or enhanced due diligence processes and measures, depending on the risk level to which they could be exposed.

Article 4. Due diligence measures. Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision must adopt due diligence measures when:

1. Establishing contractual or business relationships with their customers;
2. Conducting occasional transactions greater than the amount established by the supervisory body, even in situations in which the transaction is conducted in a single operation or in several operations that might be connected;
3. Conducting occasional wire transfer transactions under the circumstances established by the pertinent supervisory body;
4. There are unusual transactions that may be related to money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction or the possible commission of antecedent crimes related to money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction;
5. There are doubts as to the truthfulness or accuracy of the previously obtained customer identification data. The respective information and documentation must be updated.

Article 5. Financial and transactional profiles. Regulated financial entities must consider the criteria listed below when determining financial and transactional profiles:

1. Financial profile: As a minimum, it must contain the customer's fixed and variable income, the frequency with which the income is received on a monthly basis, the way in which the income is received by the customer (Cash, Quasi-cash, Checks or Wire transfers); the origin of the funds, i.e. where the income comes from, as well as the location of the source (domestic or foreign). Similarly, it is necessary to determine the financial profile for the outflow of money.
2. Transactional profile: It must be linked to the type of product or service the customer will use; the analysis of products and services must define the expected normal behavior.

Regulated nonfinancial entities must analyze financial and transactional profiles taking into account the relative importance and the identified risk, or according to what the Intendancy for Supervision and Regulation of Nonfinancial Entities has determined based on the National Risk Analysis.

Article 6. Basic due diligence measures for individuals. Without prejudice to the requirements provided by Law and those required by the respective supervisory body, regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision must maintain records on the information and documentation gathered while conducting due diligence to identify and verify the individual's identity (regular or occasional customer) containing, as a minimum, the following:

1. Full name;
2. Personal identification card (or passport for a foreigner);

TRANSLATION

3. Physical address;
4. Profession or occupation; and
5. Any additional provision required by supervisory bodies.

Article 7. Basic due diligence measures for a legal entity. Without prejudice to the requirements provided by Law and those required by the respective supervisory body, regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision must maintain records on the information and documentation gathered while conducting due diligence to identify and verify the identity of legal entities and other registered organizations containing, as a minimum, the following:

1. Full name and type of legal entity or registered organization;
2. Jurisdiction and incorporation or registration data;
3. Legal entity's or registered organization's identification number or its equivalent;
4. Final beneficiary's identification and verification;
5. Address;
6. Mailing address, if applicable;
7. Name of its legal representative and the person authorized to enter into contracts on behalf of the legal entity;
8. Main activity; and
9. Any additional provision required by supervisory bodies.

Article 8. Final beneficiary identification and verification. In identifying and verifying the identity of the final beneficiary of legal entities and other registered organizations, reasonable measures will be taken to comply with the requirements established by the supervisory bodies within the area of their competency, which will include those final beneficiaries that own ten percent (10%) or more of the shares for regulated financial entities and twenty-five percent (25%) or more of the shares for regulated nonfinancial entities and professionals engaged in activities subject to supervision.

TRANSLATION

In the case of domestic or foreign legal entities, trust funds, private foundations, nongovernmental organizations, charities or nonprofit organization, whose final beneficiaries could not be identified by shareholding, a memorandum, certificate or affidavit listing the final beneficiary(ies), duly signed by its representatives or authorized persons, will be required.

In determining the final beneficiary of regulated nonfinancial entities, the relative importance, identified risk and, especially, cash transactions with a customer for an amount equal to or greater than the amount established by the regulatory body must be taken into account.

Regulated nonfinancial entities may apply simplified due diligence measures when verifying the customer's and final beneficiary's identity when the risk level is low and when the transaction is conducted in a single operation. However, simplified due diligence measures are not acceptable if there is suspicion of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction, as well as for occasional cash or quasi-cash transactions exceeding the threshold designated by the supervisory and regulatory body or for a transaction conducted by a person classified as a politically exposed person.

Article 9. Due diligence verification. All due diligence measures shall be considered met when the minimum requirements in Article 6 and 7 herein have been obtained and verified.

Regulated nonfinancial entities and professionals engaged in activities subject to supervision shall adopt risk management procedures for the conditions under which the verification can be concluded after the business or professional relationship is entered into, as long as the following items are met:

1. The verification is conducted as soon as possible;

TRANSLATION

2. It is essential to avoid interrupting the normal development of the operation;
and
3. The risks of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction are effectively under control.

Within its area of competence and powers, each supervisory body may establish appropriate criteria for the sector under its regulation.

Article 10. Simplified due diligence measures. The possible due diligence measures listed below, which may be applied by regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision, are:

1. Reduce the documentary review process;
2. Reduce the frequency of updates of the customer's identification,
3. Reduce monitoring of the business relationship and the scrutiny of operations that do not exceed the minimum amount established by supervisory bodies, and

Regulated nonfinancial entities and professionals engaged in activities subject to supervision may omit gathering information on the customer's professional or business activity when the purpose and nature of the type of operations or business relationship are clearly known.

Simplified due diligence measures must be consistent with the identified risk exposure. Simplified due diligence measures cannot be applied or these measures may not be applied when unusual operations that may be related to money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction or above average risks occur or arise.

Without prejudice to the provisions herein, regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision shall use continuous monitoring

of the contractual or business relationship to assess the customer's transactional or financial behavior, in order to determine whether simplified due diligence measures should be reinforced.

Within its area of competence and powers, each supervisory body may establish appropriate criteria for the sector under its regulation.

Article 11. Enhanced or reinforced due diligence measures. The possible enhanced or reinforced due diligence measures listed below, which may be applied by regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision, if applicable, are:

1. Obtain additional information on the customer and final beneficiary;
2. Obtain additional information on the characteristics proposed for the business or professional relationship;
3. Obtain information on the customer's source of funding or source of wealth;
4. Obtain information on the purpose for which the transactions are intended or conducted;
5. Obtain top management's approval to start or continue a business relationship;
6. More intense monitoring of the business relationship, increasing the amount and duration of controls applied and the selection of transactional patterns requiring closer examination.

Article 12. Application of enhanced or reinforced due diligence. In addition to the basic due diligence measures, regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision shall apply enhanced or reinforced due diligence measures to business areas, their activities, products, services, distribution or marketing channels, business relationships and operations that represent higher risk of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction.

Without excluding customers that are considered high risk customers according to the regulated entity's risk assessment, the customers listed below will be included in that category:

1. Politically Exposed Persons;
2. Businesses with high-volume cash operations;
3. Foreign legal entities and other registered organizations holding bearer share records, as well as Panamanian legal entities and other registered organizations whose final beneficiary is not verifiable;
4. Business relationships and operations with customers from risk countries, territories or jurisdictions, or that involve the transfer of funds from or to such countries (risk jurisdictions), or from territories or jurisdictions including, under all circumstances, those countries for which the Financial Action Task Force (FATF) requires the application of enhanced or reinforced due diligence measures; and
5. Those arising from the National Risk Assessment Plan for the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction.

Without prejudice to the provisions herein, regulated entities shall identify within their internal control procedures, other situations that require the application of enhanced or reinforced due diligence measures according to their risk analysis.

Article 13. Application of due diligence measures by third parties. Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision may only avail themselves of compliance agencies to assist them in customer identification, final beneficiary identification and understanding the customer's business or transactional nature, as long as the respective supervisory body authorizes it and has duly registered the compliance agency. These agencies must be domiciled and have a physical presence in the

TRANSLATION

Republic of Panama. to duly register these agencies, the supervisory body must request, as a minimum, the following documentation from them:

1. Public Registry Certification, Operating Notice and legal entity Identification Number or its equivalent;
2. Validity Certificate issued by the Public Registry;
3. Certificate of good standing issued by the General Revenue Office, if applicable;
4. Authenticated copies of the personal identification cards or passports of directors, dignitaries, legal representative and agent, if any;
5. Furnish the documentation, résumé, programs and credentials of shareholders, directors, dignitaries, legal representatives and legal agents, if any; technicians and employees, verifying the level of experience and expertise in the area or sector in which they intend to provide services as compliance agencies, especially as pertains to money laundering and, particularly, due diligence;
6. Certifications, whether national or international, verifying the directors', technicians' and employees' experience in money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction;
7. Records showing that qualified staff and specialized professionals that are members of the compliance agency have received or have provided as trainers, a minimum of one hundred sixty (160) hours of specialized training annually on money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction; and
8. Other requirements the supervisory bodies may establish.

The compliance agency will assist in due diligence measures on behalf of the regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision, as long as the agency applies the procedures determined by the entity and follows the entity's guidelines for their proper implementation.

TRANSLATION

Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision are responsible for the final report to be issued by the compliance agency.

The relevant supervisory body will regulate the additional criteria it deems appropriate in accordance with the risk of the entities they regulate. The supervisory body can also delist compliance agencies failing to comply with the international standards, morals, transparency, competence or specialization required for the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction.

Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision must maintain all records necessary to allow competent authorities and supervisory bodies to reconstruct any event or individual transaction, including amounts, to provide evidence, if necessary, for prosecuting criminal activity or for verifying the adequacy of controls for offering the service.

Article 14. Reliance on third parties. Without prejudice to what the relevant supervisory body may determine, regulated nonfinancial entities and professionals engaged in activities subject to supervision may rely on the due diligence conducted by a regulated entity as long as:

1. They have previously established mechanisms to ensure the regulated entity will furnish a copy of the identification data and any other pertinent documentation on the requirements for the customer's due diligence upon request; and
2. They ensure the regulated entity has implemented measures to meet the requirements for customer due diligence and recordkeeping.

TRANSLATION

Regulated nonfinancial entities and professionals engaged in activities subject to supervision are responsible for identifying the customer, identifying the final beneficiary and understanding the business or transactional nature of the customer.

Article 15. Cash and quasi-cash transactions report. Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision must use the forms provided by the Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism to comply with the cash and quasi-cash transactions report.

The Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism will issue the Guide that will permit the recognition of the appropriate use of these forms, which must be used for each qualifying operation and must be submitted directly to the Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism within the first ten (10) business days of every month by the methods it may establish.

Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision that, due to their activities, do not conduct cash or quasi-cash transactions, must issue a one-time Affidavit, designed for this purpose, informing the Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism of this fact. This affidavit is subject to the approval of the Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism.

Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision and only occasionally conducting cash or quasi-cash transactions must report these to the Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism within the period in which they occur. When these operations have not been conducted, the entities must provide an Affidavit, designed for this purpose, every six months within the first ten (10) calendar days of the following month, with the six-month closure dates being understood to be 30 June and 31 December.

Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision will keep each form issued and the documents supporting each operation for a period of not less than five (5) years from the date of the respective form or document, as may be the case.

Article 16. Unusual operations. When applicable, regulated financial and nonfinancial entities must have measures that will allow them to detect unusual operations in a timely manner for the purpose of analyzing them to confirm or discount the anomaly. For the purposes of the provisions herein, unusual operations are those transactions having at least the following characteristics:

1. They are not related to the customer's economic activity;
2. They are not consistent with the customer's financial profile or transactional profile;
3. They do not match the additional parameters previously established by the regulated entity at the beginning of the contractual relationship or account; and
4. There is no reasonable explanation or justification.

Regulated financial and nonfinancial entities must register each one of the unusual operations detected, including the persons(s) responsible for its analysis and the determination of whether or not to report it as a suspicious operation.

Unusual operations suspected of being related to money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction may be reported immediately as suspicious operations.

Article 17. Obligation to report suspicious operations. regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision must maintain a log of

TRANSLATION

suspicious operations related to money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction.

Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision must perform the actions listed below when, during the course of their activities, they become aware of operations conducted within their facilities qualifying as suspicious operations:

1. Create a record with the information on the operation. The information will contain the data on the account(s) or transaction(s) originating the operation, the date(s), the amount(s) and the type(s) of operation. This record must include succinct remarks by the employee that determined that the operation was considered suspicious.
2. Immediately notify the Financial Analysis Unit for the Prevention of Money Laundering, the Financing of Terrorism and Financing the Proliferation of Weapons of Mass Destruction of the suspicious operation, using the forms designed for this purpose, within the period set forth in Law 23 dated 27 April 2015.
3. In cases of suspicious operations, they must update the relevant file.

Article 18. Liaison. Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision must appoint a person or unit responsible for acting as a liaison with the Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism and the respective supervisory body.

Each supervisory body will establish the activities that must be managed by the liaison.

Article 19. Record updating and recordkeeping. Regulated financial and nonfinancial entities and professionals engaged in activities subject to supervision must maintain records on the transactions and updated information on their customers, whether individuals, legal

TRANSLATION

entities or other legal organizations, national or foreign, resulting from their due diligence measures, using physical, electronic or any other means authorized by the respective Supervisory Body. The obligation to record and maintain information and documentation will remain in force for a minimum period of five (5) years from the termination of the relationship for each specific customer.

Article 20. Powers of the supervisory bodies. Without prejudice to the provisions of Law, supervisory bodies are authorized to verify due compliance with the mechanisms for the prevention and control of the risks of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction, adopting a risk-based approach to supervision that will permit the supervisor to clearly understand the risks to which the regulated financial and nonfinancial entities and the professionals engaged in activities subject to supervision are exposed.

To assess the regulated entities' compliance with the relevant due diligence measures, supervisory entities will have access to pertinent and relevant information, whether for individual cases or statistical samples that are representative of the portfolio, adapted to measuring the effectiveness of controls applied on money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction.

Taking into consideration the degree of discretion on the identity of depositors and creditors of banks, holders of brokerage house custody accounts and trust fund beneficiaries, requests for producing information for monitoring the compliance of requirements to prevent money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction will only be made in the supervised entity itself under measures of control that permit the maintenance of the confidentiality of all information and documentation, except in specific instances in which the Superintendency of the Securities Market requires banking information and requests it through the Superintendency of Banks for the purposes established by Law or in which the supervisory

body is conducting actions related to a specific money laundering investigation, ensuring confidentiality on the use the information gathered.

The intensity and scope of onsite and offsite supervision may be applied according to the risk profile of the regulated financial and nonfinancial entities and those professionals engaged in activities subject to supervision.

Article 21. Administrative sanctions. Administrative sanctions will be applied by the relevant Supervisory Body without prejudice to the other sanctions established by Law and the civil or criminal liability that might arise. Each Supervisory Body will apply the special administrative procedure and, alternatively, the general administrative procedure.

Penalties should be imposed by express and justified administrative decision, naming the punished individual(s) or legal entity(ies).

The application of administrative punishments must be governed by the principles of administrative law, especially due process, and paying attention to the assessment of the behavior of the regulated entity.

Article 22. Criteria for imposing sanctions. To impose the sanctions prescribed herein, supervisory bodies will take into consideration the following assessment criteria, as a minimum:

1. The seriousness of the fault;
2. The threat from or magnitude of the damages;
3. Damages caused to third parties;
4. Indications of intent; and
5. The recidivism of the offender.

TRANSLATION

Article 23. Classification of sanctions. Administrative sanctions for noncompliance with Law 23 dated 27 April 2015 shall be classified in accordance with the seriousness criteria listed below:

1. Maximum severity. It will be considered a fault of maximum severity when regulated financial or nonfinancial entities or professionals engaged in activities subject to supervision incur in an infringement, by omission or action, that is not amendable or remediable, caused by negligence or fraud, in any of the following cases:
 - a. Alteration or manipulation of information requested by relevant authorities under Law 23 dated 27 April 2015;
 - b. Failure to inform the relevant authority of information required by Articles 53 and 54 of Law 23 dated 27 April 2015 when the person responsible, employee or any director of the regulated entity has internally reported the existence of indications or the certainty of an event or operation related to money laundering or the financing of terrorism;
 - c. The repeated failure to furnish information that has been requested by the respective regulatory authorities of the regulated entity;
 - d. The unwillingness to furnish information to the Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism and to the Competent Authority;
 - e. Failure to comply with the requirement to freeze assets in accordance with Law 23 dated 27 April 2015;
 - f. The resistance to, obstruction of or noncompliance with the obligation to cooperate when there are written requests issued by the Supervisory Bodies pursuant to the provisions of Law 23 dated 27 April 2015;
 - g. The commission of a serious violation when an administrative sanction has been applied to the regulated financial or nonfinancial entity or

TRANSLATION

- professional engaged in activities subject to supervision during the past five (5) years;
- h. Failure to comply with the requirement to take corrective actions that have been communicated by requirement to the Supervisory Body, as provided for in Law 23 dated 27 April 2015;
 - i. To create an account or start a business or professional relationship with those customers not facilitating compliance with the relevant due diligence measures;
 - j. In accordance with the seriousness determined by the relevant supervisory body.
2. Moderate severity. It will be considered a fault of moderate severity when regulated financial or nonfinancial entities or professionals engaged in activities subject to supervision incur in an infringement, by action or omission, caused by negligence or fault, in any of the following cases:
- a. Failure to comply with the obligations to perform due diligence pursuant to the conditions established in Law 23 dated 27 April 2015;
 - b. Failure to comply with the obligation to identify individuals considered national or foreign politically exposed persons (PEP) – whether customers or final beneficiaries – due to the fact that this customer profile is of high risk according to the provisions of Law 23 dated 27 April 2015;
 - c. Failure of the regulated financial or nonfinancial entity, as applicable, to comply with the creation of controls to apply preventive measures using a risk-based approach, as required by Law 23 dated 27 April 2015;
 - d. Failure of the regulated financial or nonfinancial entity to comply with the special examination of an operation or transaction considered unusual, as required by Law 23 dated 27 April 2015;
 - e. The voluntary or involuntary omission by the regulated financial or nonfinancial entity or professional engaged in activities subject to

TRANSLATION

supervision of compliance with the “know your employee” policy when recruiting, creating the employee profile and training employees in order to understand the risks to which they are exposed, as required by Law 23 dated 27 April 2015;

f. In accordance with the seriousness determined by the relevant supervisory body.

3. Mild severity. It will be considered a fault of mild severity when regulated financial or nonfinancial entities or professionals engaged in activities subject to supervision delay, by action or omission and due to the offender’s negligence or recklessness, the submittal of information or documentation requested by the relevant supervisory body, the Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism and a Competent Authority, when the issue is related to their operational or administrative duties.

Article 24. Type of Sanctions. Sanctions are divided into two types: pecuniary and administrative.

The supervisory body may impose pecuniary sanctions when applicable. Administrative sanctions such as cancelling, withdrawing, restricting, or removing licenses, Certificates of Competence or other authorizations will be applied after the relevant sanctioning process is affirmed. In those cases in which the supervisory body is authorized to do so by Law, the administrative sanctions will be applied by the supervisory body that granted the license, Certificate of Competence and other authorizations to engage in activities or operations being conducted.

Article 25. Disposal of the amount of the sanction. The National Council against Money Laundering, the Financing of Terrorism and Financing the Proliferation of Weapons of Mass Destruction will have these resources at its disposal for the purposes envisioned in Law 23 dated 27 April 2015.

TRANSLATION

Article 26. Final provisions. The provisions herein do not prevent supervisory bodies from adopting additional Rules, Resolutions and other measures appropriate for each of their respective regulated entities regarding the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction.

Article 27. Enactment. The Executive Decree shall become effective the day after its promulgation.

LEGAL GROUNDS: Paragraph 14 of Article 184 of the Political Constitution of the Republic of Panama and Law 23 dated 27 April 2015.

FOR COMMUNICATION AND ENFORCEMENT.

Given in the city of Panama on the thirteenth (13th) day of August, two thousand fifteen (2015).

(signed)

JUAN CARLOS VARELA RODRIGUEZ
President of the Republic

(signed)

DULCIDIO DE LA GUARDIA
Minister of Economy and Finance