



June 9, 2017
Circular N° SBP-FECI-0075-2017

General Manager

Subject: Interpretation Opinion of the FECI
Commission on "Foreign Loans"

Dear General Manager:

Pursuant to the provisions of Proviso 2 of Article 2 of Law 4 of 1994, the application of that Law will be determined by a Commission composed of the Minister of Economy and Finance, the Minister of Agriculture and the Superintendent of Banks, which will be referred to as the FECI Commission.

Based on the above, and after receiving inquiries about foreign loans exempted from 1% withholding, the FECI Commission has issued an Opinion explaining when a loan can be considered a foreign loan, and the appropriate way of classifying some foreign loan modalities to determine whether or not the withholding is applicable and to what extent.

Considering this and for relevant purposes, you will find the full text of the aforementioned clarification and criterion enclosed. Furthermore, the link where you can consult the criterion, known as Criterion 45, under "*Criteria for interpreting the FECI pursuant to inquiries about Withholding,*" can be found at <https://www.superbancos.gob.pa/superbancos/documents/feci/criteria/Criteria.pdf>

We would greatly appreciate your providing the necessary instructions to your staff for compliance with the provisions of the clarification and criterion referred to herein.

Sincerely yours,

Ricardo G. Fernandez D.
Superintendent

Enc.: A/s