

Republic of Panama Superintendency of Banks

BOARD OF DIRECTORS' GENERAL RESOLUTION SBP-GJD-0005-2021 (dated 19 October 2021)

“Whereby Board of Directors’ General Resolution SBP-GJD-0003-2015, which establishes the technology guidelines and requirements for inspections conducted to financial reporting entities supervised by the Superintendency for the prevention of money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction, 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 Article 5 (1) and (2) of the Banking Law, safeguarding the soundness and efficiency of the banking system and strengthening and fostering favorable conditions for the development of the Republic of Panama as an international financial center are objectives of the Superintendency of Banks;

In accordance with Article 6 (4) of the Banking Law, discharging such functions as may be assigned to it by this Decree Law or by other laws is a function of the Superintendency;

Article 11 (6) of the Banking Law dictates that establishing the rules for onsite inspections of banks and banking groups under this Decree Law and those other inspections that the Superintendency considers necessary, are technical duties of the Board of Directors;

Pursuant to Article 59 of the Banking Law all banks that engage in the banking business in the Republic of Panama will be subject to inspection and supervision by the Superintendency to confirm their financial stability and their compliance with the provisions of this Decree Law and its enabling regulations;

Pursuant to Article 86 of the Banking Law the Superintendency is authorized to request documentation and reports regarding their operations and activities from any bank, any firm in the banking group, bank holding companies and nonbanking affiliates;

Chapter XIII of Title III (The Banking Regime) of the Banking Law establishes the provisions for the Prevention of Money Laundering, the Financing of Terrorism and Related Crimes;

Article 113 of the Banking Law, Article 32 of Law 23 of 2015, and Article 80 of Law 21 of 2017 related to trustees establish that banks and other entities supervised by the Superintendency will submit the information required by laws, 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 obligated to submit this information to the Superintendency whenever it may so require;

The measures to prevent money laundering, the financing of terrorism and financing of the proliferation of weapons of mass destruction were adopted by means of Law 23 dated 27 April 2015;

Pursuant to Article 2 (4) of Law 23 of 2015, the provisions of Law 23 of 2015 are applicable to financial reporting entities, their branches, and the majority-owned affiliates and subsidiaries of the financial group;

Pursuant to Article 20 (1) of Law 23 of 2015, supervising that financial reporting entities have the internal control policies, mechanisms and procedures for each of the individuals and legal entities subject to their supervision in order to verify due compliance with the provisions of this Law and its regulations, is among the duties of the supervisory bodies;

Pursuant to Article 20 (4) of Law 23 of 2015, having access to financial information related to the crimes of money laundering, the financing of terrorism and financing of the proliferation of weapons of mass destruction associated with clients, products and services of the financial reporting entities is among the duties of the supervisory bodies;

Pursuant to Article 20 (9) of Law 23 of 2015, issuing guidelines for the implementation of this law that are applicable to branches, subsidiaries and affiliates of the financial reporting entities is among the duties of the supervisory bodies;

Pursuant to Article 22 (1) of Law 23 of 2015, amended by Article 123 of Law 21 of 2017, the Superintendency of Banks is the supervisory body responsible for supervising financial reporting entities for the prevention of money laundering, terrorism financing and financing of the proliferation of weapons of mass destruction of: banks and banking groups, as defined by the Superintendency of Banks; trust companies, including any other activities they perform; financial companies; leasing companies; factoring companies; issuers or processors of debit, credit, and pre-paid cards, either natural or legal persons, including those issuing and operating their own cards; entities issuing payment means and electronic money; money service businesses, whether or not it is their main activity; exchange bureaus, in any form, either by physical delivery or the purchase of future contracts, whether or not it is their main activity; Banco de Desarrollo Agropecuario (Agriculture Development Bank); Banco Hipotecario Nacional (National Mortgage Bank); and Housing Savings and Loans Corporations;

In accordance with the second statement of Article 22 (1) of Law 23 of 2015, the Superintendency of Banks may request the identity of depositors when necessary for compliance with the regulations for the Prevention of money laundering, the financing of terrorism and financing of the proliferation of weapons of mass destruction as part of the supervision conducted by the Superintendency in these matters;

The measures to prevent the misuse of services provided by other reporting entities under the supervision of the Superintendency of Banks were established by means of Rule 5-2015;

The guidelines to prevent the misuse of services provided by money service businesses were established by means of Other Reporting Entities AML Rule 4-2018 dated 23 October 2018;

The guidelines to prevent the misuse of services provided by exchange bureaus were established by means of Other Reporting Entities AML Rule 5-2018 dated 11 December 2018;

The measures to prevent the misuse of banking and trust services were established by means of Rule 10-2015 and its amendments;

The custodial regime applicable to bearer shares was established by means of Law 47 dated 6 August 2013;

In accordance with Article 185 of the Banking Law, the Superintendent will impose penalties of up to one million balboas to anyone not complying with the provisions of Chapter XIII of Title III on the prevention of money laundering, the financing of terrorism, and related crimes;

The technology guidelines and requirements for inspections conducted on financial reporting entities supervised by the Superintendency for the prevention of money laundering, the financing of terrorism and financing of the proliferation of weapons of mass destruction were established by means of Board of Directors' General Resolution SBP-GJD-0003-2015 dated 22 December 2015;

That during its working sessions, the Board of Directors determined it was necessary and advisable to update the guidelines and requirements for the inspections conducted to financial reporting entities during the inspection process, as well as to add to the Appendix of this Resolution

the specific requirements for trust companies, money service businesses, exchange bureaus, and other financial reporting entities.

RESOLVES:

ARTICLE 1. Article 1 of Board of Directors' General Resolution SBP-GJD-0003-2015 shall read:

ARTICLE 1. VERIFICATION OF THE PREVENTION AND CONTROL OF MONEY LAUNDERING RISK. In accordance with the powers ascribed in Article 20 of Executive Decree 363 dated 13 August 2015, whereby Law 23 dated 27 April 2015 is regulated, the Superintendency will conduct risk-based onsite inspections of financial reporting entities, their branches, and the majority-owned affiliates and subsidiaries of the financial group. Onsite inspections may be conducted in person or remotely in case it is required.

The purpose of these inspections will be to verify compliance with the mechanisms for preventing and controlling the risks inherent to money laundering, terrorism financing, and financing of the proliferation of weapons of mass destruction established in the Law and other legal provisions, hereinafter referred to as prevention of money laundering .

ARTICLE 2. Article 3-A is added to Board of Directors' General Resolution SBP-GJD-0003-2015 as follows:

ARTICLE 3-A. TIDSO (REPORTING ENTITY DIGITAL INFORMATION TRANSFER SYSTEM) TOOL. Financial reporting entities must ensure that they submit the information linked to the requirements the Superintendency establishes through the TIDSO (Reporting Entity Digital Information Transfer System) Tool, by means of which the receipt of all the information required during the inspection is guaranteed.

The information requested through the notice of examination and following requests for information resulting from the supervision process will be submitted through the "*Requerimiento de inspección*" (Inspection Requirement) module of the TIDSO tool.

ARTICLE 3. Article 6 of Board of Directors' General Resolution SBP-GJD-0003-2021 shall read:

ARTICLE 6. SUPERVISORY APPROACH. The Superintendency shall determine the degree and scope of the inspection to be conducted, according to the risk profile of each reporting entity and in accordance with the mechanisms for the prevention and control of money laundering established in Title V of Law 23 of 2015, Executive Decree 363 dated 13 August 2015, Rules 4-2015, 5-2015, 10-2015, and Other Reporting Entities AML Rules 4-2018 and 5-2018.

During the onsite inspection, reporting entities will be required to provide information deemed appropriate and relevant, either from individual cases or statistical samples of the assets and liabilities portfolio, in order to evaluate the effectiveness of the due diligence processes, controls and measures to manage the prevention of money laundering risks, pursuant to the criteria set forth in anti-money laundering standards.

For such purposes, the Superintendency shall request the information and documentation related to the client's profile, which allows understanding and evaluating the elements that make up his/her financial inflow and outflow (i.e. income and expenditures) and transactional profiles, as well as other control and due diligence elements established in anti-money laundering standards.

Consequently, within the supervisory process for the prevention of money laundering, the Superintendency's supervision team shall have access to and shall obtain from the reporting entities any information on the identity of its depositors, clients, and final beneficiaries; the origin of funds; the client's fixed and variable income; the frequency of his/her monthly movements; the methods used to receive

income or make deposits (cash, quasi-cash, checks or wire transfers), the products or services used by the client and any information relevant to due diligence measures and follow-up of the client's business; as well as a data file on depositors regarding the clientele of the bank, trust company, or other reporting entity assets and liabilities related to the prevention of money laundering.

The inspection and verification of information data files on the bank's liabilities will be conducted at the entity's facilities with the computer equipment it provides, provided that the equipment meets the technological characteristics and specifications contained in the Appendix to this Resolution.

If at the start of the inspection, the entity does not provide the computer equipment that meets all the characteristics and specifications established in the Appendix to this Resolution, the Superintendency's inspection team will start the inspection using the Superintendency's computer equipment, and the reporting entity must provide the files containing all the required information.

ARTICLE 4. The Appendix to Board of Directors' General Resolution SBP-GJD-0003-2015, which is attached hereto, is amended.

ARTICLE 5. EFFECTIVE DATE. This Resolution shall become effective upon its promulgation.

Given in Panama City on the nineteenth (19th) day of October, two thousand twenty-one (2021).

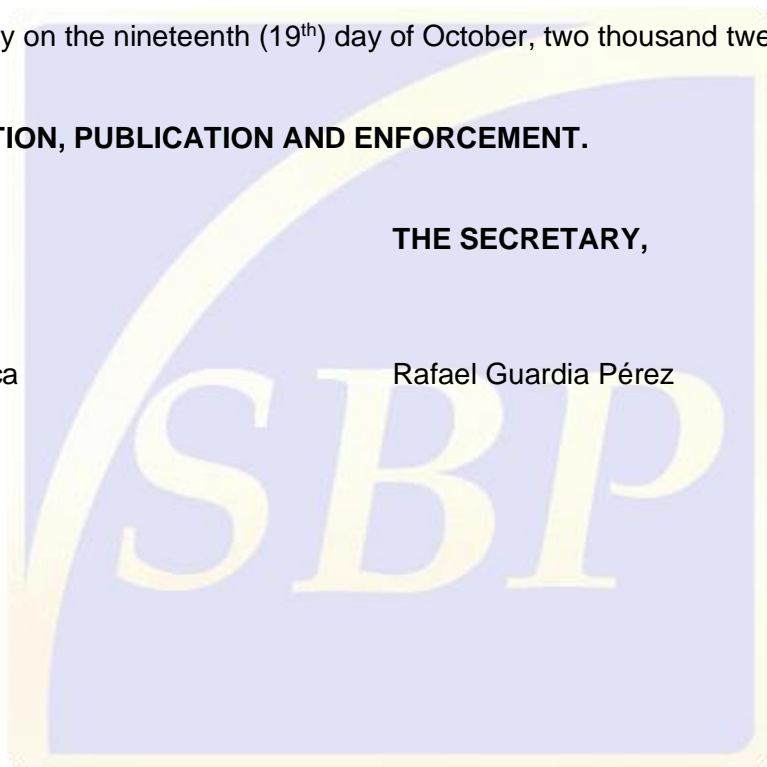
FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE CHAIRMAN,

Luis Alberto La Rocca

THE SECRETARY,

Rafael Guardia Pérez



APPENDIX**TECHNOLOGY AND REPORTING REQUIREMENTS FOR THE INSPECTIONS OF FINANCIAL REPORTING ENTITIES**

The information may be submitted through the TIDSO (Reporting Entity Digital Information Transfer System) or any digital means that meets the security and information access characteristics or a computer equipment that meets all the characteristics and specifications established herein.

When the reporting entities are notified of an onsite inspection to be conducted by the Prevention and Control of Illicit Operations Division staff to verify compliance with the measures enshrined in Law 23 of 2015 and other enabling Anti-money Laundering regulations, the entities must have the following technical specifications and software tools:

I. Minimum technology requirements:**1. Hardware:** A PC or Laptop with the following characteristics:

- Processor: Inter Core 6, 2.60 GHz
- RAM: 8GB
- HDD: 500 GB 5400 RPM
- Screen: 15"
- Port: Two 3-type USB ports
- Keyboard: in Spanish

2. Software with the following characteristics:

- 64-bit Operating System
- Windows 10
- Office automation tool: Microsoft Office Professional 2019
- ANTI-VIRUS: Required
- CaseWare IDEA (data analysis tool), version 9 as a minimum or a specialized data mining system that allows the development of predictive models by analyzing databases and information sources.

II. Reporting requirements:**II.1. Data furnished by the Bank:**

- A complete, consolidated list of clients for both lending and deposit operations.
- This report must be printed out in Excel format with the filter option enabled.
- The information must be made available to the supervisor at the beginning of the examination.
 1. Branch office code
 2. Client number
 3. Account number
 4. Opening date
 5. Client name (Name, Surname)
 6. Identification number (ID card, passport, RUC)
 7. Type of person (natural [NP] or legal [LP])
 8. Risk level (high, medium, or low)
 9. PEP (yes or no)
 10. Country of nationality
 11. Country of birth (NP) or incorporation of the client (LP)
 12. Country of domicile (NP) or physical residence where it runs operations (LP)
 13. Country or countries of tax residence
 14. Commercial activity (in case of a legal person)

15. Profession or occupation (in case of a natural person)
16. Telephone number (natural or legal person)
17. Type of product (savings account, checking account, CD, loan, credit card, etc.)
18. Due date (CDs and loans)
19. Listed company (yes or no)
20. Authorized signatures (Name, Surname)
21. Final beneficiaries (Name, Surname)
22. Names of officers, directors, proxies, and legal representatives (for legal persons only) (Name, Surname)
23. Initial amount
24. Balance
25. Number of debit transactions (period upon request)
26. Total of debit transactions (period upon request)
27. Number of credit transactions (period upon request)
28. Total of credit transactions (period upon request)

II.2. Data furnished by the Trust Company:

- A complete, consolidated list of clients.
- This report must be printed out in Excel format with the filter option enabled.
- The information must be made available to the supervisor at the beginning of the examination.

The Excel file must contain the following columns:

II.2.1. For trust funds:

Trust fund general information:

1. Trust number
2. Trust name
3. Date of the trust
4. Type of trust (administration, investment, guaranty, pension, etc.)
5. Trust law or jurisdiction
6. Initial assets (describe its components and its value)
7. Assets to date (describe its components and its value)
8. Number of debit transactions
9. Total of debit transactions
10. Number of credit transactions
11. Total of credit transactions
12. Total or number of persons (directly or indirectly) involved in the trust (Specify how many natural persons and how many legal persons).

Settlor:

13. Type (natural or legal person)
14. Full name (names and surnames)
15. Identification number (ID card, passport, or RUC)
16. Country of nationality
17. Country of physical residence where it runs operations
18. Taxpayer number of the country or countries where he/she/it is a taxpayer
19. Country of tax residence
20. Commercial activity (in case of a legal person)
21. Profession or occupation (in case of a natural person)
22. Physical address (natural or legal person)
23. Telephone number (natural or legal person)
24. Final beneficiaries/natural person (name, surnames, and ID card numbers), in case of a legal person acting as settlor
25. PEP (yes or no)
26. Listed company (yes or no)
27. Risk level (high, medium, or low)

Trust beneficiary

28. Type (natural or legal person)
29. Full name (name, surnames)
30. Identification number (ID card, passport, or RUC)
31. Country of nationality
32. Country of physical residence where it runs operations
33. Country of tax residence
34. Commercial activity (in case of legal persons)
35. Profession or occupation (in case of natural persons)
36. PEP (yes or no)
37. Listed company (yes or no)
38. Final beneficiaries (name, surnames, and ID numbers), in case of a legal person acting as final beneficiaries

Others:

39. Authorized signatures (names, type, and ID card numbers)
40. Names of the legal representative, officers, and directors (for legal persons only), proxies, protectors, contributors or other natural or legal persons directly or indirectly involved in the trust, when applicable (names, surnames)

II.2.2. For other corporate services:

1. Type of activity or corporate service
2. Type of client (natural or legal person)
3. Commencement date of relationship
4. Client number
5. Client name (name and surnames)
6. Client identification number (card, passport, or RUC)
7. Country of nationality (specify the client's country)
8. Country of physical residence where it runs operations
9. Taxpayer ID number of the country or countries where he/she/it is a taxpayer
10. Country of tax residence
11. Commercial activity (in case of a legal person)
12. Profession or occupation (in case of a natural person)
13. Physical address of the client (natural or legal person)
14. Telephone number of the client (natural or legal person)
15. Initial assets (describe its components and its value), when applicable
16. Assets to date (describe its components and its value), when applicable
17. PEP (yes or no)
18. Risk level (high, medium, or low)
19. Authorized signatures (names, surnames, type, and ID numbers)
20. Final beneficiaries (names and ID numbers)
21. Names of the legal representative, officers, directors (for legal persons only), contributors or other natural or legal persons directly or indirectly involved in the service offered (names and surnames)
22. Listed company (yes or no)
23. Number of debit transactions, when applicable
24. Total of debit transactions, when applicable
25. Number of credit transactions, when applicable
26. Total of credit transactions, when applicable

II.3. Data furnished by the Financial, Leasing, and Factoring companies, BHN, BDA:

- A complete, consolidated list of clients.

- This report must be printed out in Excel format with the filter option enabled.
- The information must be made available to the supervisor at the beginning of the examination.

The Excel file must contain the following columns:

1. Branch office
2. Client number
3. Loan number
4. Client name (Name, surname)
5. Debtor name (in case of factoring companies)
6. Identification number (ID card, passport, or RUC)
7. Country of nationality (specify the client's country)
8. Country of birth (NP) or incorporation of the client (LP)
9. Type of person (natural or legal)
10. Commercial activity (in case of a legal person)
11. Profession (in case of a natural person)
12. Occupation (in case of a natural person)
13. Origin of resources
14. Destination of resources
15. Telephone numbers
16. Physical address (natural and legal person)
17. E-mail address
18. Product type
19. Listed company (yes or no)
20. Approval date
21. Due date (product)
22. Approved amount
23. Balance
24. Monthly installment fee
25. PEP (yes or no)
26. Risk level (high, medium, or low)
27. Final beneficiary
28. Legal representative (for legal persons only)
29. Officers (for legal persons only)
30. Directors (for legal persons only)
31. Proxies (for legal persons only)
32. Number of transactions granted (requested period)
33. Total granted (USD) (requested period)
34. Number of transactions paid (requested period)
35. Total payments (USD) (requested period)

II.4. Data furnished by the Money service businesses:

- A complete, consolidated list of money service business transactions.
- This report must be printed out in Excel format with the filter option enabled.
- The information must be made available to the supervisor at the beginning of the examination.

1. Transaction date
2. Transaction time
3. Outward remittance branch office
4. Owned or sub-agent locale
5. Operator
6. Client risk level
7. Unique Customer Identification Code (UCIC)
8. Ordering party full name
9. Ordering party nationality
10. Address
11. Telephone
12. E-mail address
13. Ordering party profession
14. Ordering party occupation
15. Origin and destination of wire transfer
16. Beneficiary full name

17. Beneficiary nationality
18. Date of completion
19. Time of completion
20. Country of destination (if codes are used, provide catalog)
21. Amount sent in USD
22. Fee
23. Total amount
24. Local currency of destination and origin

II.5. Data furnished by the Exchange bureaus:

- A complete, consolidated list of trading transactions.
- This report must be printed out in Excel format with the filter option enabled.
- The information must be made available to the supervisor at the beginning of the examination.

1. Transaction date
2. Transaction time
3. Client risk level
4. Unique Customer Identification Code (UCIC)
5. Ordering party full name
6. Ordering party nationality
7. Address
8. Telephone
9. E-mail address
10. Ordering party profession
11. Ordering party occupation
12. Type of person (national or foreigner)
13. Transaction amount
14. Currency (type of currency: US dollar, Euro, Colombian peso, etc.)
15. Code of the branch office that conducted the transaction
16. Name of the branch office where the transaction was conducted

II.6. Data furnished by the Custodians of bearer shares:

- A complete, consolidated list of clients.
- This report must be printed out in Excel format with the filter option enabled.
- The information must be made available to the supervisor at the beginning of the examination.

General information of the Custody Companies:

1. Custodial company name
2. Number of share certificates under custody
3. Number of shares under custody
4. Total of the value of shares under custody
5. Activities of companies issuing the shares
6. Country where the custodial company runs operations
7. Name of the resident agent of the company

General information of the shareholders and/or final beneficiaries:

1. Client number
2. Final beneficiary names and share percentage of each one
3. Beneficiary identity number (card for national clients/passport for foreigners)
4. Number of shareholders
5. PEP clients (yes or no)
6. Shareholder profession
7. Shareholder occupation
8. Country of nationality of shareholders
9. Country of domicile of shareholders
10. Tax residence of shareholders
11. Client risk level