

**Republic of Panama  
Superintendency of Banks**

**AGREEMENT No. 002-2005  
(of January 26, 2005)**

**THE BOARD OF DIRECTORS**  
In use of its legal powers, and

**CONSIDERING THAT:**

In accordance with Numeral 2 of Article 5 of Decree Law No. 9 of February 26 of 1998, it corresponds to the Superintendency of Banks to promote the conditions favorable to the development of Panama as an international financial center.

In accordance with Numeral 3 of Article 5 of Decree Law No. 9 of February 26 1998, it corresponds to the Superintendency of Banks to promote the public confidence in the banking system;

In accordance with Numeral 5 of Article 5 of Decree Law No. 9 of February 26 1998, it corresponds to the Superintendency of Banks to watch for Banks to have adequate procedures that allow the supervision and control of their activities at the national and international levels, in close relationship with the Foreign Supervision Entities, as the case may be;

By means of Law No. 42 of October 2, 2000, measures are established for the prevention of Money Laundering Crimes.

By means of Agreement 9-2000 of October 23 2000, this Superintendency established the guidelines for the prevention of the improper use of banking services in Banks established in Panama;

In compliance of the special recommendation VII, on cable transfers of the Financial Action Task Force (FATF), the measures adopted in Agreement 9-2000 of October 23, 2000 on bank transfers become more explicit;

By virtue of the international standards against money laundering and the financing of terrorism, it becomes necessary to adopt guidelines and minimum information requirements with respect to bank transfers;

In accordance with Numeral 7 of Article 16 of Decree Law No. 9 of February 26 1998, it corresponds to this Board of Directors to establish, within the administrative scope, the interpretation and scope of legal or regulatory provisions regarding banking; and

In work sessions of this Superintendency, it has become evident the need and convenience to fix parameters and basic guidelines in connection with national and international bank transfers, to the end of preventing the improper use of banking services through said operations.

**AGREES:**

**ARTICLE 1: SCOPE OF APPLICATION.** The provisions of the present Agreement shall be applied to Official Banks, International License Banks and General License Banks performing bank transfers within their scope of operation.

**ARTICLE: 2 DEFINITIONS.** To the effect of the present Agreement, it shall be understood by:

1. Bank Transfer: it is the transaction ordered by a person, whether a natural or a legal person, called principal, whereby the Bank, through electronic means, makes available to another person, called beneficiary, a certain amount of money, whether in the same Bank or in a different banking entity, either in the same or in another market. Consequently, the banking entity shall undertake with its principal to make the respective transfer, which will result in an internal accounting operation recorded by the Bank or Banks involved. The principal and the beneficiary may be the same person.
2. Principal: The principal is the holder of the account, or, in the event that no account exists, the natural or legal person issuing the order or instruction to the Bank to perform the bank transfer.
3. Beneficiary: He is the holder of the account, or, in the event that no account exists, the person, either natural or legal, to whom the funds of the principal are transferred.
4. International Transfer: It is that operation wherein one of the banking entities involved, whether that of the principal or that of the beneficiary, are located outside of the national territory.
5. National Transfer: It is that transaction wherein the Banks of the principal and the beneficiary are located in the national territory.

**ARTICLE 3: ADEQUATE IDENTIFICATION OF THE LOCAL PRINCIPAL AND OBLIGATIONS OF THE BANKING ENTITY OF THE PRINCIPAL.** Every Bank carrying out or performing a national or international bank transfer must make sure to meet, whenever applicable, the following measures:

1. The Bank shall apply adequately the policy "Know your Client" with respect to the principal, as well as the procedures of Due Diligence and other provisions of Agreement 9-2000 of October 23, 2000.
2. The Bank shall have available, as a minimum, the following information from the principal:
  - a. Explicit order from the principal to perform the bank transfer and amount of the transaction.
  - b. Name or corporate name of the principal. In the event of having a bank account, it shall be done in an identical way to the one recorded therein.
  - c. Physical address of the principal, and in its default, his mail address.
  - d. Number of the bank account or full identification in the event he has no account.
  - e. Date of execution of the transfer.
3. Likewise, the Bank shall maintain, as a minimum, the following information from the beneficiary:
  - a. Name and account number of the beneficiary
  - b. Name of the Bank where the beneficiary will receive the bank transfer.

**ARTICLE 4: PROHIBITION.** No bank transfers may be processed unless they come with the name of the principal in addition to the originating bank.

**ARTICLE 5: OBLIGATION TO PROVIDE INFORMATION TO THE CLIENT.** Every Bank is obliged to provide the client, at his request, with copy of the voucher

or evidence of the bank transfer, except in those cases wherein it can be proven by means of the debit in the account.

Excepted are those transfer applications performed through the electronic banking service.

**ARTICLE 6. REGISTRATION OF BANK TRANSFERS.** Every Bank shall maintain on record the bank transfers performed by its clients, by any means authorized by Law 11 of January 22 1998, for a period of time which shall not be less than five (5) years, counted from the date of the transaction.

**ARTICLE 7:** In those cases wherein credit or debit cards are used as a payment means of a transfer, they shall meet the provisions set forth in the present Agreement.

**ARTICLE 8: EXCEPTIONS.** The present Agreement does not apply to the following bank transfers:

- a. Bank transfers wherein the principal and the beneficiary are banks.
- b. Bank transfers deriving from a commercial transaction carried out by using credit or debit cards, provided that the credit or debit card number accompanies all transfers derived from the transaction.
- c. Bank transfers performed through the ACH network.

**ARTICLE 9: SANCTIONS FOR NON-COMPLIANCE.** The non compliance of the provisions contained in the present Agreement shall be sanctioned in accordance with the provisions set forth in Article 137 of Decree Law 9 of 1998.

**ARTICLE 10: DURATION.** The present Agreement shall take effect from its promulgation.

Given in the City of Panama, on the twenty-sixth (26<sup>th</sup>) day of the month of January of the year 2005.

BE IT NOTIFIED, PUBLISHED AND COMPLIED.

THE PRESIDENT,

THE SECRETARY,

Félix B. Maduro

Jorge W. Altamirano-Duque M.