

Republic of Panama
Superintendency of Banks

AGREEMENT No. 008-2006
(of November 8, 2006)

"Whereby Article No. 6 of Agreement No. 12-2005 of December 14, 2005 is modified"

THE BOARD OF DIRECTORS
using its legal authority, and

WHEREAS:

The Superintendency of Banks is responsible for looking after the maintenance of the soundness and efficiency of the banking system as well as strengthening and fostering auspicious conditions conducive to the development of Panama as an International Financial Center;

Pursuant to Article 36 of Law No. 1 of January 5, 1984, the Superintendency of Banks will oversee and look after the proper functioning of the trust business;

Pursuant to Numeral 7 of Article 16 of Decree Law No. 9 of February 26, 1998, the Board of Directors must set, in the administrative realm, the interpretation and scope of the legal or regulatory provisions in banking matters;

Through Law No. 41 of October 2, 2000, modified by Law No. 1 of January 5, 2004, a Chapter is added to Title XII of the Penal Code, denominated "On money laundering", whose Article 1 depicts the money laundering felony dealing not only with funds linked to drug trafficking, but also with funds linked to qualified fraud, illegal arms traffic, people traffic, kidnapping, racketeering, embezzlement, corruption of public officials, acts of terrorism, robbery, international vehicle traffic, or crimes against intellectual property in general;

Law No. 42 of October 2, 2000 stipulates measures for the prevention of the Money Laundering Felony;

Article 1 of said Law No. 42 stipulates that Banks and Trust Corporations are obliged to maintain, in their operations, the diligence and care that lead to preventing the execution of those operations with funds or on funds from activities related to the money laundering felony;

Executive Decree No. 1 of January 3, 2001 regulates Law No. 42 of October 2, 2000;

Through Law No. 22 of May 9, 2002 the Republic of Panama adopted the International Agreement for the Repression of Terrorism Financing;

Through Law No. 45 of June 4, 2003 Chapter VII is added, denominated Financial Felonies, to Title XII of Book Two of the Penal Code, articles of the Penal and Judicial Code are modified and of Decree Law No. 1 of 1999, and other provisions are prescribed;

Through Law No. 50 of July 2, 2003 the acts of terrorism and its financing are depicted as an autonomous felony in the Penal Code and the corresponding sanctions are set; and

Through Agreement No. 12-2005 of December fourteen (14), 2005 Agreement No. 9-2000 of October 23, 2000 is rescinded;

Given that the Superintendency of Banks is the supervising and controlling organization for Banks and Trust Corporations, in work sessions of this Board of Directors with the Bank Superintendent, and pursuant to suggestions made by the Financial Analysis Unit for the Prevention of Money Laundering and Terrorism Financing (FAU) and the Nation's Attorney General's Office regarding the importance of the identity of a banking operation's executor, the need and convenience is evident of modifying Article six (6) of Agreement No. 12-2005 of

December fourteen (14), 2005, aiming to stipulate the banking entities' obligation to request the executor's signature, so as to consolidate and strengthen the regulation on the improper use of banking and trust services in Panama.

AGREES:

ARTICLE 1: Article 6 of Agreement No. 12-2005 of December fourteen (14), 2005 will read:

“ARTICLE 6: DECLARATION OF CASH AND QUASI-CASH TRANSACTIONS. All Banks and all Trust Corporations must declare, in the forms established by the Financial Analysis Unit for the Prevention of Money Laundering and Terrorism Financing (FAU), the information regarding:

- a. Cash deposits or withdrawals made by natural persons into or from personal accounts for an amount that exceeds Ten Thousand Balboas (B/.10,000.00);
- b. Cash deposits or withdrawals made by natural or juridical persons in or from commercial accounts for an amount that exceeds Ten Thousand Balboas (B/.10,000.00);
- c. Requests for changing currency bills of low denominations for others of high denominations or vice versa, for an amount that exceeds Ten Thousand Balboas (B/.10,000.00), made by natural or juridical persons;
- d. Changing lottery tickets for cash for an amount over Ten Thousand Balboas (B/.10,000.00);
- e. Successive money deposits or withdrawals on nearby dates for less than Ten Thousand Balboas (B/.10,000.00) considered individually and that add up to more than Ten Thousand Balboas (B/.10,000.00) at the end of each working week.
- f. If this were the case, the Bank or Trust Corporation will declare the operation for its accumulated value at said working week's closing, through the means stipulated by the Superintendency of Banks for this purpose. The declaring entity must keep in its records available to the Superintendency of Banks, documentation that certifies the timely and truthful delivery of the data contained in the Declarations with which this literal deals.
- g. The information regarding operations executed by natural or juridical persons in personal or commercial accounts, whichever is the case, that tender checks (cashier's checks, traveler's checks or other) and bearer payment orders, without endorsement and issued on the same date or nearby dates and/or by the same bearer or by bearers of the same marketplace, for an amount that exceeds Ten Thousand Balboas (B/.10,000.00);
- h. Cash deposits or withdrawals made by natural or juridical persons in or from commercial accounts, of Ten Thousand Balboas more (B/. 10,000.00) than the habitual amounts handled by the customer.

PARAGRAPH 1: For the purposes of applying literal “f” of this Article, its provisions will not apply to transactions of checks drawn against On-Sight Account Deposits.

PARAGRAPH 2: Except for what literal "e" states, all Declaration forms must have the signature of the responsible employee and the signature of the person performing the operations to which this Article refers.

ARTICLE 2: EFFECT. This Agreement will be in force from the time it is proclaimed.

Given in the City of Panama, on the eighth (8th) day of the month of November, two thousand six (2006).

TO BE RELEASED, PUBLISHED AND FULFILLED.

THE PRESIDENT, provisionally

THE SECRETARY, provisionally

Arturo Gerbaud De La Guardia

Jorge W. Altamirano

The above is a translation of the original document delivered to me in Spanish.

Iris Saied Torrijos
Authorized Public Translator
Resolution TP-125 of Sept. 20, 1999
Ministry of Education