

# TRANSLATION

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## Republic of Panama Superintendency of Banks

**RULE No. 3-2017**  
(dated 25 April 2017)

**“Whereby Article 15-A is added to Rule 9-2015 that establishes the Punitive Administrative Proceedings for potential violations of the provisions for the Prevention of Money Laundering, the Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction applicable to Regulated Entities”**

**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 reedited Decree Law 9 dated 26 February 1998 and all its amendments as a consolidated text, and that this text was approved by means of Executive Decree 52 dated 30 April 2008, hereinafter referred to as the Banking Law;

Pursuant to paragraph 1 of Article 5 of the Banking Law, safeguarding the soundness and efficiency of the banking system is an objective of the Superintendency of Banks;

Pursuant to paragraph 2 of Article 5 of the Banking Law, strengthening and fostering favorable conditions for the development of the Republic of Panama as an international financial center is an objective of the Superintendency of Banks;

Article 112 of the Banking Law requires banks and other entities supervised by the Superintendency to establish policies and procedures and the internal control structures to prevent their services being used improperly for criminal purposes in Money Laundering, the Financing of Terrorism and other crimes that are related or similar in nature or origin;

Article 184 of the Banking Law provides that the Superintendent will impose the proper administrative sanctions for the violation of the provisions of this law and other laws and rules that regulate and modify it, taking into consideration the seriousness and recidivism of the offense and the magnitude of the losses and damages to third parties;

Pursuant to Article 186 of the Banking Law, if no specific sanction has been established for a particular violation, the Superintendent may determine what sanctions to impose at his/her discretion and without prejudice to any criminal prosecution that may apply;

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

The objective of the cited Law is to strengthen the prevention functions of Regulatory Bodies and set the criteria and recommendations for imposing sanctions for noncompliance with the Law;

Article 19 of the cited Law establishes the Superintendency of Banks as a Regulatory Body and Article 22 designates the Regulated Entities that will be subject to supervision;

Article 20 of the cited Law authorizes Regulatory Bodies to apply the relevant measures and sanctions to Regulated Entities for violations of the Law;

Article 59 of the cited Law stipulates that Regulatory Bodies will impose relevant administrative penalties for violations of the provisions of the Law and its enabling regulations, taking into consideration the seriousness of the offense, recidivism and the magnitude of the damage and harm done to third parties, as well as establishing the sanctioning process to be followed in complying with the provisions of the Law and the Special Laws;

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Article 24 of Executive Decree 363 dated 13 August 2015 that regulates Law 23 dated 27 April 2015 provides that after the supervisory body verifies the punitive proceedings related to the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction, the regulatory body will apply, at the supervisory body's request, administrative sanctions such as canceling, withdrawing, restricting, or removing licenses, certificates of competence or other authorizations that had been granted.

By means of Rule 9-2015 dated 27 July 2015, the Superintendency of Banks established the punitive administrative proceeding for the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of mass destruction;

During the Board of Director's working sessions, it became manifest and advisable to add an Article to Rule 9-2015 dated 27 July 2015 to specify at what point the Superintendency may request the body that granted the license, certificates of competence or other authorizations cancel, withdraw, restrict, remove or suspend any of these.

## RESOLVES:

**ARTICLE 1.** Article 15-A is added to Rule 9-2015 as follows:

**“ARTICLE 15-A. CANCELLATION, WITHDRAWAL, RESTRICTION, REMOVAL OR SUSPENSION OF LICENSES, CERTIFICATES OF COMPETENCE AND OTHER AUTHORIZATIONS.** The Superintendency of Banks, as the regulatory and supervisory body of regulated financial entities on the prevention of money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction, may impose administrative sanctions resulting from failing to comply with the provisions of Law 23 of 2015 and its regulations, in accordance with the procedure provided herein.

In those cases in which the Superintendency deems that the actions of the regulated entity merit requesting the cancellation, withdrawal, restriction, removal or suspension of the licenses, certificates of competence or other authorizations, the Superintendency will so document in the sanctioning resolution.

After the resolution issued by the Superintendency establishing the appropriate administrative sanction is executed, the Superintendency will request the body that granted the license, certificate of competence or other authorization for engaging in activities or operations cancel, withdraw, restrict, remove or suspend any of these.”

**ARTICLE 2. ENACTMENT.** This Rule shall become effective as of its promulgation.

Given in the city of Panama on the twenty-fifth (25<sup>th</sup>) day of April, two thousand seventeen (2017).

**FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.**

**THE CHAIRMAN,**

**THE SECRETARY,**

Arturo Gerbaud

L.J. Montague Belanger