

Republic of Panama Superintendency of Banks

**RULE N°. 4-2019
(dated 30 April 2019)**

“Whereby Article 2 of Rule 6-2017 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 the provisions of paragraphs 1 and 2 of Article 5 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 4 of the Banking Law, the Superintendency of Banks will have exclusive competence to regulate and supervise the banks, the banking business and other entities and activities assigned to it by other laws;

According to paragraph 5 of Article 11 of the Banking Law, establishing the administrative interpretation and scope of the legal provisions and regulations on banking matters is among the technical duties of the Board of Directors;

Rule 6-2017 dated 4 July 2017 prescribed new provisions on shared banking, expanding the concept so that financial entities established in Panama and belonging to the same economic group could share offices and/or staff;

Paragraph 9 of Article 3 of Law 12, dated 3 April 2012 that regulates the insurance activity and provides other provisions, established that general license banks could enter into marketing contracts with insurance companies to provide and promote insurance contracts to third parties on the insurance company's behalf;

Article 50 of Law 12 dated 3 April 2012 established that insurance companies can provide their products through alternative marketing channels, using the network of these companies to contact customers and market their products;

During its working sessions, the Board of Directors determined it was necessary and advisable to amend Rule 6-2017, adjusting its provisions to comply with Law 12 dated 3 April 2012.

RESOLVES:

ARTICLE 1. Article 2 of Rule 6-2017 shall read:

“ARTICLE 2. To consider the authorization requests described in the previous article, the Superintendency will take into consideration the following:

- a. Interested parties must be part of or belong to the same economic group;
- b. The authorizations will be granted temporarily or permanently, at the discretion of the Superintendency of Banks, according to the specific circumstances explained in the requests and the characteristics of the interested parties;

- c. In no case shall joint management be extended to customer service areas and staff (front office): the customer must be able to recognize, clearly and at all times, the bank or entity with which he is conducting operations; and
- d. The products offered to the public and the letterhead stationery must clearly identify the bank or entity with which the customer is conducting operations.

PROVISO: The provisions of c. above on the prohibition on using customer service areas and staff (front office) is not applicable to banks providing services as alternative marketing channels under a contract entered into with an insurance company in accordance with the parameters and conditions established in Law 12 dated 3 April 2012.”

ARTICLE 2. ENACTMENT. This Rule will become effective upon its promulgation.

Given in the city of Panama on the thirtieth (30th) day of April, two thousand nineteen (2019).

FOR COMMUNICATION PUBLICATION AND ENFORCEMENT.

THE CHAIRMAN,

THE SECRETARY,

Luis Alberto La Rocca

Joseph Fidanque III