

## Republic of Panama Superintendency of Banks

**RULE N°. 7-2019  
(dated 2 July 2019)**

**“Whereby Article 1 of Rule 5-2015 on the prevention of the misuse of services provided by other reporting entities under the supervision of the Superintendency of Banks 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 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 provides that banks and other reporting entities supervised by the Superintendency are required to establish policies and procedures and 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;

According to Article 114 of the Banking Law, Banks and other reporting entities supervised by the Superintendency will adopt policies, practices and procedures that will allow them to know and identify their clients and their employees with the greatest certainty possible. The Superintendency is authorized to develop the relevant standards in conformity with policies and regulations in force in the country;

By means of Law 23 dated 27 April 2015, measures for preventing money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction were adopted;

Article 19 of Law 23 of 2015 designates the Superintendency of Banks, among others, as a supervisory body;

Paragraph 7 of Article 20 of Law 23 of 2015 establishes that among the duties of the supervisory bodies is issuing guidance on regulatory enforcement and feedback to financial and nonfinancial reporting entities and for activities subject to supervision that are performed by professionals, as well as issuing procedures for identifying the final beneficiaries of legal entities and other legal structures;

Article 22 of Law 23 of 2015 establishes that the Superintendency of Banks must supervise financial reporting entities on the prevention of money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction;

By means of Rule 5-2015 dated 26 May 2015, the Superintendency of Banks established the matters related to preventing the misuse of services provided by other reporting entities under the supervision of the Superintendency;

Article 123 of Law 21 dated 10 May 2017 amended Article 22 of Law 23 of 2015, adding other reporting entities, among which are the money service businesses and the exchange bureaus;

By means of Rule 8-2017, Article 1 of Rule 5-2015 was amended in order to include in the scope of application the exchange bureaus, the money service businesses, Banco Agropecuario Nacional (National Agriculture Bank), Banco Hipotecario Nacional (National Mortgage Bank) and home savings and loan corporations as new financial reporting entities;

By means of Other Reporting Entities Anti-Money Laundering Rule 4-2018 dated 23 October 2018, the guidelines for preventing the misuse of services provided by money service businesses were established to set specific parameters related to the activities conducted by money service businesses;

By means of Other Reporting Entities Anti-Money Laundering Rule 5-2018 dated 11 December 2018 the guidelines for preventing the misuse of services provided by exchange bureaus were established to set specific parameters related to the activities conducted by exchange bureaus;

During its working sessions, the Board of Directors determined it necessary and advisable to amend Article 1 of Rule 5-2015 in order to exclude money service businesses and exchange bureaus from the scope of application and thus standardize the provisions applicable for preventing the misuse of services provided by these reporting entities.

### RESOLVES:

**ARTICLE 1.** Article 1 of Rule 5-2015 shall read:

**“ARTICLE 1. SCOPE OF APPLICATION.** Pursuant to the provisions of Article 22 of Law 23 of 2015, which adopts the measures for preventing money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction, the Superintendency of Banks shall be responsible for regulating and supervising new reporting entities on these matters. The provisions herein will be applied to the following reporting entities:

1. Finance companies;
2. Financial leasing companies;
3. Factoring companies;
4. Issuers and processors of prepaid cards, debit cards and credit cards, whether individuals or legal entities, including those issuing and operating their own cards, except for banks that already have a regulation on this matter;
5. Issuers of Payment instruments and electronic money;
6. Other corporate services conducted by trust companies;
7. Banco de Desarrollo Agropecuario (Agricultural Development Bank);
8. Banco Hipotecario Nacional (National Mortgage Bank);
9. Home savings and loan corporations.”

**ARTICLE 2. ENACTMENT.** This Rule shall enter into force from its promulgation.

Given in the city of Panama on the second (2<sup>nd</sup>) day of July, two thousand nineteen (2019).

### FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

**THE CHAIRMAN, a.i.**

**THE SECRETARY, a.i.**

Nicolas Ardito Barletta

Luis Alberto La Rocca