

**LAW 23**  
**Of 27 April 2015**

Adopting Measures for the Prevention of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction and other provisions

**THE NATIONAL ASSEMBLY**

**DECREES:**

**Title I**

Generals

**Article 1. Purpose.** This Law is the regulatory framework so that the various supervisory authorities, as well as the entities, natural and legal persons, subject to this supervision, establish:

1. The measures to identify, assess and understand the risk and consequences of Money Laundering, the Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction.
2. The appropriate controls of its mitigation, with the purpose of protecting the integrity of the financial system and other economic sectors of the country.
3. Facilitate international cooperation measures.

**Article 2. Scope of Enforcement.** This Law covers:

1. The National Commission against Money Laundering, the Money Laundering, Terrorism Financing and Financing of the Proliferation of Weapons of Mass Destruction.
2. The Financial Analysis Unit for the prevention of Money Laundering and the Financing of Terrorism.
3. The Supervisory Authorities.
4. The Non-Financial Reporting Entities, Activities performed by Professionals subject to supervision, as well as the Financial Reporting Entities, branches , their majority-owned branches and subsidiaries of the financial group.

**Article 3. Aims.** The aims of this Law:

1. To prevent Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction through the supervision of the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision.
2. To establish national coordination on issues related to the Prevention of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction.
3. To establish the basic methodology for the Prevention of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction, with a risk-based approach, that will permit the adoption of measures and allocate resources in proportion to the risk exposure identified for its administration.
4. To establish the principles and duties that on the issue of the Prevention of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction, the Supervisory Authorities and the Financial Reporting Entities, the Non-Financial Reporting Entities and the Activities performed by Professionals subject to supervision, as well as the institutions responsible for the financial intelligence analysis, are required to follow.
5. To strengthen the prevention and mitigation functions of the Supervisory Entities.
6. To establish the mechanisms for the collection, reception and analysis of financial intelligence information.
7. To establish the criteria and the recommendations for the imposition of sanctions for breaches of this Law.
8. To order the representation of the Republic of Panama to international organizations related to the fight against Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction, for the purpose of international cooperation and compliance with international commitments undertaken by the country, on this matter.

**Article 4. Definitions.** For the purpose of this Law, the terms listed below shall have the following meanings:

1. *Financial Intelligence Analysis:* Is the process that involves the evaluation of the information obtained in order to increase its value, to prevent and detect operations or

Activities of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

2. *Risk Management of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction:* are the technological processes and tools that permit to identify, classify, measure, control, mitigate and prevent the risk related to Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction.
3. *Close Associate:* Is a person known for its close relationship with a Politically Exposed Person, this includes those in a position to perform financial, commercial or of any other nature, either local or international, on behalf of the Politically Exposed Person.
4. *Final Beneficiary:* Refers to the natural person or persons who own, control or has significant influence on the account relation, the contractual relation or business relation and/or the natural person in whose name or benefit a transaction is made, which also includes natural persons that have the final control on a legal person, trust and other legal structures.
5. *Money Laundering:* predicate offense typified at the Criminal Code of the Republic of Panama.
6. *Customer:* Is a natural or legal person, as defined by the legal provisions governing each economic or professional activity, described in this Law, by which the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, establish, maintain, or have maintained, regularly or occasionally, a contractual, professional or business relationship for the delivery of any product or service related to its activity.
7. *Quasi-Cash:* Are cashier checks, traveler checks or money orders issued, to the bearer, with multiple endorsements, with blank endorsement and other negotiable documents incorporated through regulations of the various Supervisory Authorities.
8. *Due Diligence:* Is the set of rules, policies, procedures, processes and actions that allow reasonable knowledge of the qualitative and quantitative aspects of the customer, the final beneficiary, with particular attention to the financial and transactional profile of the customer, the source of the equity, and the continuous monitoring of his transactions or operations, when applicable, as provided by the regulations of this Law by each of the Supervisory Authorities.

9. *Extended or Reinforced Due Diligence:* Is the set of more exacting rules, policies, procedures, processes and Laws reasonably designed to intensify the knowledge of the customer, depending on the results of the identification, assessment and diagnosis of the risks applied by the entity, to prevent Crimes of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction.
10. *Simplified Due Diligence:* Is the basic set of rules, policies, procedures, processes and actions, defined in this Law, that depending on the results of the identification, assessment and diagnosis of the risks, the entity will enforce to prevent the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.
11. *Compliance Agencies:* Are those that, duly registered with the Supervisory Authorities, offer the service of due diligence to Financial Reporting Entities, Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, that contract them in order to comply with the objectives of this Law.
12. *Risk Based Approach:* Is the process by which the Financial Reporting Entities, the Non-Financial reporting Entities and the Supervisory Authorities, according to their understanding of the risks, adopt the preventive measures corresponding to the nature of these risks in order to focus efforts more effectively; that is, the greater the risk the more extended or reinforced the measures applied to manage, mitigate and in the event of minor risks, simplified measures shall be allowed.
13. *Close relatives:* are spouse, parents, siblings and the children of the Politically Exposed Person.
14. *Financing of Terrorism:* predicate offense typified at the Criminal Code of the Republic of Panama.
15. *Risk Mitigators:* Are all the internal controls provided to minimize or reduce exposure of the identified and quantified risks, so that they can be managed properly.
16. *Unusual Operation:* Is any operation that is unrelated with the financial or transactional profile of the customer reasonably declared and reported by the entity, at the beginning of the contractual relationship or exceeding the parameters set by the entity, at the due diligence process made by the customer and that must therefore properly justified.
17. *Suspicious Operations:* Is the operation that cannot be justified or sustained with the customer's financial or transactional profile, or the operation that could be related to

Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction.

18. *Politically Exposed Persons*: Are the national or foreign persons that serve high-ranking public functions with authority and jurisdiction, in a State, (for instance and without limitation) Heads of State or of Government, high-level politicians, high ranking governmental, judicial or military officials, senior executives of state companies or corporations, public officials holding elected office, among others, that are part of the decision making in the public entities; persons holding or who have been entrusted with important functions in an International Organization, refers to those who are members of senior management, that is directors, deputy directors and members of the Board of Directors or equivalent functions.
19. *Risk*: The possibility of the occurrence of an event, an action or an omission that could adversely affect the capacity of an organization to achieve its business objectives and execute its strategies successfully; the event or action that may adversely affect an institution or organization. Furthermore, the risk can be perceived as a function with three factors: threat, vulnerability and impact.
20. *Electronic Transfer*: Refers to any transaction or operation carried out on behalf of a transferor by electronic means, with the purpose of providing a beneficiary person with an amount of funds in a beneficiary financial institution, irrespective of whether the transferor and the beneficiary is the same person. This definition applies to international electronic transfers and national electronic transfers.

## **Title II**

### National Coordination for the Prevention of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction

**Article 5.** Structure of the national coordination system. The national coordination system for the Prevention of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction, will include:

1. The National Commission against Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction.

2. The Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism.
3. The Supervisory Authorities.

**Article 6. Structure of the National Commission.** The National Commission against Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction, will include:

1. The Minister of Economy and Finance, who will act as Chairman of the Commission and the Deputy Minister of Finance, in the absence of the Minister.
2. The Minister of Foreign Affairs or the person he appoints.
3. The Minister of the Presidency or the person he appoints.
4. The Superintendent of Banks of Panama in his capacity as Chairman of Financial Coordination Committee or his designee.
5. The General Attorney of the Nation in representation of the Public Ministry or the person he appoints.
6. The Director of the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction meetings, with the right of voice in the respective sessions.

The Executive Secretary of the Security Council participates in the National Commission against Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction meetings, with the right of voice in the respective sessions.

With advisory capacity, the Commission may invite to its meetings, when the Chairman considers it appropriate, other institutions of the public sector, the legally incorporated Associations or Unions representing the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision.

The Commission will count with a Technical Secretariat attached to the Ministry of Economy and Finance, with technical and administrative functions.

**Article 7. Quorum and decisions of the Commission.** The National Commission against Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass

Destruction, will meet, as often as necessary convened, at the request of the chairman, with a minimum frequency of four times a year.

To constitute a quorum at meetings of the Commission the presence of at least four of its members is required.

Decisions of the Commission shall be adopted by the affirmative vote of a least four members.

**Article 8. Functions of the Commission.** The National Commission against Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction, will have the following functions:

1. To approve the National Risk Strategy for the Crimes of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction, in order to take measures to mitigate national risks, efficiently manage available resources, and adopt decisions for its enforcement on Financial Reporting Entities, Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, previously convening the affected sector to attain adequate citizen participation.
2. Monitor the National Risk Strategy for the prevention of the Crimes of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction;
3. Establish policies for the prevention of the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction;
4. Ensure the coordination of the representation of the Republic of Panama at international forums related to country policies against the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction;
5. Submit reports to the Cabinet Council on measures and actions carried out based on the Risk Assessment for the prevention of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.
6. Modify the amounts established for cash and quasi-cash that need to be declared.

**Article 9. Financial Analysis Unit.** The Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and Terrorism financing is the national center for the collection and analysis of financial information related to the crimes of money laundering, Terrorism financing and financing of proliferation of weapons of mass destruction, and for

communicating the results of that analysis to the investigation and prosecution authorities of the country.

**Article 10. Operational Independence of the Unit.** The Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and Terrorism financing will have the financial, human and technical resources to ensure its operational independence in the performance of their duties for analysis and management of intelligence.

**Article 11. Powers.** The Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism will have the following powers:

1. The National centralization of reports on suspicious Activities, cash and quasi cash generated or issued by the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, as defined in this Law and its regulations, with standards of confidentiality and responsibility for custody and files, to prevent the crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction;
2. Receive from the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, all information related to suspicious operations that might be linked to Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction;
3. May require from the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities Performed by Professionals subject to Supervision, in written, any information related to cases of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction, as considered necessary, to make its analysis, properly;
4. Analyze the information obtained in order to communicate results of its analysis and the sustaining documents to the Public Ministry, the agents on criminal investigations activities and jurisdictional authorities, when there are grounds to suspect that Activities related to Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction have or are being developed.
5. Perform operational analysis, using the information and documentation available, with the aim of identifying and tracing Activities or transactions with possible links between

- an activity and the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction;
6. Perform strategic analysis using the available information and documentation, including data, that may be provided by other competent authorities to identify trends and patterns related to the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction;
  7. Develop and maintain records, for a minimum of five years and the necessary statistics to perform its functions;
  8. Exchange financial intelligence information with homologous entities in other countries to analyze what can be related to Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction, after subscribing with those entities a Memorandum of Understanding or other cooperation agreements;
  9. Exchange financial intelligence information that can be related to Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction with jurisdictions with which an agreement has not been signed as long as they are part of the Egmont Group and with reciprocity;
  10. Facilitate cooperation when the information is relevant to the implementation of Security Council Resolution 1373;
  11. Provide the Public Ministry, the Supervisory Entities, the National Customs Authority and the various intelligence and security State agencies, any required technical assistance needed to help in criminal or administrative investigations of Laws and offenses related to Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction;
  12. Obtain additional financial information related to the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction, from Financial Reporting Entities, Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, when the financial intelligence analysis so requires;
  13. Establish guidelines and provide feedback that helps Financial Reporting Entities, Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision on the implementation of the measures contained in this Law and in particular in the detection and reporting of suspicious transactions;

14. Keep updated statistics on matters relevant to the implementation of this Law, including reports received on suspicious operations and reports distributed to the competent authorities; and
15. Others arising from this Law or other legal provisions and International Covenants signed and ratified by the Republic of Panama.

**Article 16. Link.** The Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision must appoint a person or unit responsible for serving as liaison between the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism and the corresponding Supervisory Entity, for the purpose of implementing measures for the Prevention of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction, provided by this Law. Unit the formal appointment of such person or liaison unit before its supervisory entity of the Financial Analysis Unit, the legal representative or the natural person will perform the liaison duty. For this linking function it may also be appointed duly authorized compliance companies, by having a previous contractual relationship. For the Financial Reporting Entities, each Supervisory Entity will establish the requirements and other qualifications as to the internal authority, independence and hierarchy necessary for the responsible person or unit.

### **Title III**

#### **Supervisory Entities**

**Article 13. Regulatory Body of Supervision and Regulation for Non-Financial Subjects.** The Regulatory Body of Supervision and Regulation for Non-Financial Subjects, under the Ministry of Economy and Finance, will be responsible for the supervision and regulation of non-financial subjects and required activities undertaken by professionals subject to supervision, and is created for the prevention of money laundering, Terrorism financing and financing of proliferation of weapons of mass destruction.

The Regulatory Body of Supervision and Regulation of Non-Financial Subjects will have the financial, human and technical resources to ensure its operational independence in the performance of their duties as supervisory authority.

The Regulatory Body of Supervision and Regulation of Non-Financial Subjects will consist of an intendant appointed by the Minister of Economy and Finance and will have a board.

**Article 14. Functions of the Regulatory Body.** The Regulatory Body of Supervision and Regulation of Non-Financial Subjects will have the following functions:

1. Supervision on prevention of money laundering, Terrorism financing and financing of proliferation of weapons of mass destruction to non-financial reporting entities and activities performed by professionals subject to supervision described in this Law.
2. Ensure that the non-financial regulated entities subjects comply with established standards.
3. Know the resources in the first instance of the non-financial regulated subjects and activities subject to supervision by professionals.
4. Ensuring compliance of laws that must meet non-financial regulated subjects and activities of professionals subject to supervision.
5. Perform others regulated by the Executive.

**Article 15. Formation of the Board.** The Board of the Regulatory Body of Supervision and Regulation of Non-Financial Subjects will consist of five members with voice and vote, as follows:

1. The Deputy Minister of Finance of the Ministry of Economy and Finance, or his designee, who shall preside.
2. The Deputy Minister of Domestic Trade of the Ministry of Commerce and Industry of his designee.
3. One member appointed by the Council of Financial Coordination.
4. The manager of the Colon Free Zone.
5. A representative of the private sector unions, chosen by the President of the Republic from a list that will be submitted by the National Council of Private Corporations.

**Article 16. Period and requirements.** For purposes of the provisions of paragraph 5 of the preceding article, the private sector member appointed by the President of the Republic shall serve for a period of five years concurrently with the presidential term and requires compliance with the following requirements:

1. Be a Panamanian citizen.

2. Hold a university degree and a minimum experience of ten years in sectors related to the non-financial regulated subjects.
3. Have not been convicted of a felony by a competent authority.
4. Cannot perform in a full-time public office except that of a university professor.
5. Not have been disqualified from exercising public administration or his profession.
6. Not have been judicially declared in bankruptcy or insolvent neither in manifest insolvency.
7. Not to be a director, officer, manager of any of the non-financial regulated subjects, or shareholder holding, directly or indirectly, for more than 5% of the shares of a qualified person as non-financial regulated subject company.

**Article 17. Powers of the Board.** The duties of the Board of The Regulatory Body or Supervision and Regulation of Non-Financial Subjects include:

1. Fix, at the administrative level, the interpretation and scope of the legal or regulatory provisions on prevention of money, terrorism financing and financing of proliferation of weapons of mass destruction, for non-financial regulated subjects.
2. Meet at least once a month and when called by the president.
3. Decide on the matters submitted by the president, the secretary or any of its members.
4. Know the appeals filed by regulated non-financial subjects and professionals who perform activities subject to supervision.
5. Ensure that required non-financial reporting entities and activities of professionals subject to supervision comply with established standards.
6. Establish rules for the practice of inspections prescribed by this Law or by the Administration for Supervision and Regulation of Non-Financial Subjects, in such is the case.
7. To approve the general guidelines, goals and objectives of the Regulatory Body of Supervision and Regulation of Non-Financial Subjects.
8. Approve the organizational management structure of the Regulatory Body of Supervision and Regulation of Non-Financial Subjects and their functions, and to review, when deemed appropriate.
9. Resolve appeals against decisions of the Regulatory Body of Supervision and Regulation of Non-Financial Subjects.

**Article 18. Quorum and decisions of the Board.** To constitute a *quorum* at meetings of the Board of the Regulatory Body of Supervision and Regulation of Non-Financial Subjects the presence of at least three directors is required.

Decisions of the Board shall be adopted by the affirmative vote of at least three directors, except for special cases established by this Law.

When due to conflict of interest, one or more directors they were prevented from voting, the decision taken by the affirmative vote of a majority of the directors not prevented from voting.

**Article 19. Supervisory Entities.** The Supervisory Entities, according to this Law are:

1. The Superintendency of Banks of Panama.
2. The Superintendency of Insurance and Reinsurance of Panama
3. The Superintendency of the Securities Market.
4. The Panamanian Institute of Autonomous Cooperative.
5. Any other public institution provided by Law, to ensure the supervision of other Activities described in this Law or required by its risk profile.

**Article 20. Powers of the Supervisory Entities.** The duties of the Supervisory Entities are as follows:

1. Supervise that the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision have the policies, mechanisms and procedures of internal control, of each of the natural or legal persons subject to supervision, in order to verify due compliance with the provisions of this Law and its regulations.
2. Prepare the Manual for the Supervision of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction, with a risk-based approach.
3. Adopt a risk-based supervisory approach that allows the supervisor to have a clear understanding of the risks of the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction in the country.
4. Have access to financial information relating to the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction associated with customers, products and services of the Financial reporting Entities, the Non-Financial reporting Entities and Activities performed by Professionals subject to supervision.

5. Impose appropriate sanctions for the infringement of this Law on Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.
6. Report to Financial Analysis Unit for the Prevention of Money Laundering and Terrorism financing, the sanctions enforced according to the provisions of this Law and its regulations.
7. Issue guidance standards and feedback to the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision for its enforcement, as well as the procedures for the identification of the final beneficiaries, legal persons and other legal structures;
8. Ensure that the required financial and non-financial reporting entities have the basic information about the originator and beneficiary of electronic transfers and make such available to the monitoring body and to the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and Financing of Terrorism and competent authority.
9. Issue guidelines for the implementation of this law that are relevant, in relation to branches or subsidiaries of the Financial Reporting Entities;
10. Maintain updated statistics on issues relevant to the effectiveness and enforcement of this Law, including supervision and sanctions applied to the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision;
11. Implement the measures and sanctions necessary so that the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision comply with the provisions of this Law and its regulations.
12. Subscribe cooperation agreements with state agencies and foreign counterparts to facilitate the monitoring task.

**Article 21. Guidelines and feedback.** Supervisory entities will issue guidelines and directives which contribute to the overall management of the risks to which they are exposed forced non-financial subjects, required non-financial reporting entities and activities of professionals subject to supervision in the comprehensive management of the risks to which they are exposed.

## **Title IV**

### **On the Reporting Entities and Activities Performed by Professionals Subject to Supervision**

#### **Chapter I**

##### **Financial Reporting Entities**

**Article 22. Financial Reporting Entities.** Financial Reporting Entities are:

1. Supervised by the Superintendency of Banks of Panama for the Prevention of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction:
  - a. Banks and Banking Groups as defined by the Superintendency of Banks.
  - b. Trust companies, including any other activities that they perform.
  - c. Financial companies.
  - d. Financial rentals or *Leasing* companies.
  - e. Factoring companies.
  - f. Issuers or processors of debit, credit and pre-paid cards, either natural or legal persons, including those issuing and operating their own cards.
  - g. The entities issuing payment means and electronic money.

The Superintendency of Banks may request the necessary identity of depositors in order to duly comply with the regulations for the Prevention of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction. The information required from the entities shall only be part of the supervision performed in matters regarding Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction by the Superintendency on all those it regulates.

2. Supervised by the Superintendency of the Securities Market: Auto-regulated organizations, Securities Markets, Investment Administrators, Pension Fund Administrators and Self-Managed Investment Companies; Investment Advisors; Securities Market Administrative Service Providers.
3. Supervised by the Superintendency of Insurance and Reinsurance of Panama:
  - a. Insurance and Reinsurance Companies.
  - b. Insurance brokers (natural person or legal person), reinsurance brokers (natural person and legal person), Insurance Adjusters and/or Damage Inspectors, Insurance

Agents (natural person or legal person), Account Executives or Insurance Sales Executives, Trade Channels, Insurance Companies Administrators, Captive Insurance, Captive Insurance Administrators, Insurance Brokers Administrators.

4. Supervised by the Panamanian Institute of Autonomous Cooperative: Savings and Credit Cooperatives, Multiple or Comprehensive Services Cooperatives performing the activity of savings and credit, and any other cooperative organization conducting the business of financial intermediation.

## **Chapter II**

### Non-Financial Reporting Entities

**Article 23. Non-Financial Reporting Entities.** The Non-Financial Reporting Entities Supervised by the Regulatory Body for the Prevention of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction of the Ministry of Finance:

1. Companies in the Colon Free Zone, companies established in the Panama Pacific Agency, the Baru Free Zone, the Diamond's Market of Panama and Free Zones.
2. Money remittance companies, whether it is or not their main activity.
3. Casinos, games of changes and betting system organizations, and other physical or telematics facilities developing these businesses through internet.
4. Promotion, Real Estate and Real Estate Brokers, companies when involved in transactions for their customers concerning the buying and selling of real estate.
5. Companies engaged in the Construction field, namely: general contractors and specialized contractors.
6. Securities Transportation Companies.
7. Pawnshops.
8. Companies engaged in the trade of precious metals and companies engaged in the trade of precious stones, in any form, either by physical delivery or the purchase of future contracts.
9. The National Lottery.
10. The Panama National Post and Telegraph.
11. Savings and Loans Corporations for housing.
12. Exchange houses, in any form, whether by physical delivery or the purchase of future contracts, whether or not their main business.

13. Companies engaged in the buying and selling of new and used cars.
14. The Agricultural Development Bank (Banco de Desarrollo Agropecuario).
15. The National Bank of Mortgages (Banco Hipotecario Nacional).
16. Those activities performed by professionals as described in Article 24.

Other entities and activities included by the Law, that given the nature of their operations can be used to commit the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction or those arising from the National Risk Evaluation Plan for the prevention of the Crimes of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction.

### **Chapter III**

#### **Activities Performed by Professionals**

**Article 24.** Activities performed by professionals subject to supervision. Lawyers, certified public accountants and notaries will only be subject to supervision when in the execution of their professional Activities they perform on behalf of a customer or customers, the following Activities:

1. Sales of property.
2. Administration of money, market capitalization or other assets of the customer.
3. Management o bank, savings or securities accounts.
4. Organization of inputs or contributions for the creation, operation or management of companies.
5. Creation, operation or management of legal persons or legal structures, such as: Private Interest Foundations, Corporations, Trusts and others.
6. Sale of legal persons or legal structures.
7. Performing or arranging for a person paid by the lawyer or law firm, to act as proxy director of a company or a similar position in relation to other legal persons.
8. Provide a registered office, business address or physical space, correspondence or administrative address for a company, corporation or any other legal person or structure that is not of his property.
9. Perform or arrange for a person, paid by the lawyer or law firm, to act as a figurehead shareholder for another person;

10. Perform or arrange for a person, paid by the lawyer or law firm, to act as a member of an express trust or perform an equivalent function for another form of legal structure; and
11. Those of Resident Agent of legal entities incorporated or existing under the laws of the Republic of Panama.

**Article 25. Protection of Professional Secrecy.** Lawyers and certified public accountants that whilst performing their professional activities, are classified as activities performed by professionals subject to supervision, are not required to report suspicious transactions if the relevant information was obtained in circumstances in which they are subject to professional secrecy or legal professional privilege, or confession that his client makes for proper defense.

## **Title V**

Mechanisms to Prevent and Control the Risk of Money Laundering, Terrorism  
Financing And Financing of Proliferation of Weapons of Mass Destruction

### **Chapter I**

Due Diligence

**Article 26. Proper Customer identification and reasonable verification of information and documentation.** The Financial Reporting Entities, the Non-Financial Reporting Entities and the Activities performed by Professionals subject to supervision, shall maintain, in their operations, due diligence and care to reasonably prevent that these operations are carried out with funds or resulting from Activities related to the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

The mechanisms for customer and/or final beneficiaries identification; as well as the verification of information and documentation, will depend on the risk profile of the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, by considering the types of customers, products and services offered, the distribution or commercialization channels used and the geographic location of their facilities and their customers and/or final beneficiaries. These variables, either separately or in combination, can increase or decrease the potential risk posed, thus impacting the level of Due Diligence measures. In this sense, there are circumstances where the risk of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass

Destruction is higher and stricter measures must be taken and in circumstances, in which the risk can be minor, provided that there is an appropriate risk analysis, simplified Due Diligence measures may be applied.

The Financial Reporting Entities shall ensure that documents, data or information collected under the Due Diligence process are kept updated, more often for the categories of higher risk customers.

**Article 27. Basic Due Diligence Measures for Natural Persons Clients.** The Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, shall take the following basic measures of Customer Due Diligence when it pertains to a natural person.

1. Identify and verify customer identity, requesting and consulting documents, data or reliable information from independent sources, due references or recommendations, as well as reliable financial profile information and/or transactional customer profile;
2. The non-financial reporting entities will identify and verify the identity of the client, asking and consulting documents, data or reliable information from official and independent sources.
3. Verify that the person acting on behalf of another, is authorized, in order for the Reporting Entities to proceed to identify and verify the identity of this person.
4. Identify the Final Beneficiary and take reasonable measures to verify the information and documentation obtained from each of the natural persons who identify themselves as the Final Beneficiary.
5. Understand and as appropriate, obtain information about the purpose and nature intended for the commercial and/or professional relationship.
6. Establish a financial profile, taking the reasonable measures to sustain the source of the funds, the frequency of the transactions and if the customer deposits cash, quasi-cash, checks or electronic transfers in order to be able to understand, at the opening of the account or contract, the usual behavior that the customer will have with the Reporting Entities.
7. Any new account relationship or contract must comply with an assessment of the financial profile and transactional customer profile, to calculate the risk of the products or services offered.

In the case of Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, the basic measures for Customer Due Diligence for natural persons will be limited to numerals 1; 2; 3; and 4 taking in consideration the relative importance and the identified risk.

**Article 28. Basic Due Diligence Measures for Legal Persons Clients.** The Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision shall take the following basic measures for Customer Due Diligence, when it pertains to legal persons and other legal structures:

1. Request the corresponding certificates evidencing the incorporation and legal existence of the legal persons, as well as the identification of officers, directors, agents, authorized signatures and legal representatives of such legal persons, as well as their identification, verification and address.
2. Identify and take reasonable measures to verify the Final Beneficiary using relevant information obtained from reliable sources.
3. In the event that the Final Beneficiary is a legal person, due diligence will prolong until getting to know the natural person that is the owner or controller.
4. Understand the nature of the customer's business and its shareholder and control structure.
5. The Financial Reporting Entities in general, shall take steps to prevent undue use of products and services offered by the legal person for Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.
6. The Reporting Entities that have legal persons as customers with bearer shares, or bearer share certificates, shall take effective measures to ensure the identification of the Final Beneficiary or who the real owner is and implement transactional Due Diligence so that these legal persons are not misused for money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.
7. When the Financial Reporting Entities have not been able to identify the Final Beneficiary, it will refrain from initiating or continuing the business relation or performing transactions when there is persisting doubt on the identity of the customer or of the Final Beneficiary.
8. Conduct the appropriate Due Diligence for natural persons acting as administrators, representatives, agents, beneficiaries and signatories of the legal person.

For Non-Financial Reporting entities and Activities performed by Professionals subject to supervision, the basic measures for Due Diligence of the Customer natural person will be limited to numerals 1; 2; 3 and 8 taking in consideration the relative importance and the identified risk and specially when they are involved in a cash transaction with a client for an amount equal or over the amount established by the regulatory body.

Financial Reporting Entities shall take measures to prevent the misuse of legal structures, among others: Foundations of Private Interest, ensuring that there is adequate, precise, accurate and timely information, including information about the Final Beneficiary, the Foundation Board and the Founder.

The Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision shall apply simplified Due Diligence, in the case of those legal persons that are listed in a stock exchange recognized by the Superintendency of the Securities Market.

**Article 29. The updating of records as well as their safekeeping.** The Financial Reporting Entities shall keep updated all information and documentation records of Due Diligence for both natural persons as well as legal persons; they will also safeguard the records of the transactions carried out for a minimum period of five years, counted as of the date of the termination of the relation, so as to make it possible to recognize them and reconstruct operations.

The Non-Financial Reporting Entities and Activities performed by professionals subject to supervision, are equally obliged to safeguard the information and documentation on the terms provided in this article.

**Article 30. Obligation of Policies and Procedures for Trust Companies.** Trust companies will be required to establish the policies and procedures and the structures for internal controls, to prevent their services from being used improperly, for the offenses of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction and other related crimes or of similar nature or origin. The Superintendency of Banks will provide the framework for the scope, functions and procedures of the compliance structure.

**Article 31. Measures of due diligence for Trusts.** The Financial Reporting Entities shall take measures of Due Diligence to prevent that the Activities carried out by a Trust Company are not misused for Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

The trust company must make sure to understand, identify and verify the identity of the settlor and the Final Beneficiary of a Trust. Due Diligence will continue until recognizing the natural person, that is, the final Beneficiary.

Additionally, the Trust Companies must apply Due Diligence on customer activities, other than the business of the trust that it performs.

Compliance with these measures of Due Diligence will be monitored by the respective Supervisory Entity, in accordance with the guidelines established by this Law.

**Article 32. The provision of information by Trust Companies.** Trust Companies shall provide the information required from them by Laws, decrees and other regulations, to prevent the crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction. Likewise, they shall furnish the foregoing information to the Superintendency of Banks, if it so requires.

**Article 33. Correspondent Services.** The Financial Reporting Entities shall maintain Due Diligence measures enabling them to know financial institutions to whom they offer and receive correspondent services, as well as design controls to assure the nature of their operations in order to prevent them from becoming a vehicle for the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

Financial Reporting Entities shall perform the following basic measures of Due Diligence to financial institutions that receive and/or offer correspondent service, as well as those that provide or receive services from accounts used for payments:

1. Gather sufficient information on the financial institution to allow them to understand the nature of their business and determine, from the available information, the reputation of the institution and the and the quality of the supervision, including whether or not it has been the subject of an investigation on Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction or a regulatory action of the country of origin or countries where it has physical presence or financial activity.

2. Evaluate the controls of the correspondent financial institution and that it understands its responsibilities in the prevention of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction of the financial institution.
3. Reject a correspondent banking relation with banks without physical presence and without regulatory from the origin.
4. Validate that financial institutions receiving the correspondent service do not allow their accounts to be used by without physical presence or without a regulator at the origin.
5. Obtain approval from senior management before establishing new correspondent relations.

All operations or transactions arising out of a correspondent relationship shall be subject to Due Diligence measures, commensurate with the level of risk posed and the wording of the specific regulations governing each activity and the supervision of the respective entity to which they report by Law.

**Article 34.** The amplified knowledge of customers under the classification of Politically Exposed Persons. Financial Reporting Entities, Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision must adopt an extended or reinforced Due Diligence of the customer for individuals that come under the category of foreign Politically Exposed Person and Domestic Politically Exposed Person (either a customer of a Final Beneficiary), considering the high-risk profile of the customer, in accordance with the definition provided in Article 4 of this Law, so that appropriate risk management systems will be established and conduct a more profound Due Diligence that will include, among other aspects.

1. Having tools that will allow performing pertinent diligence to determine whether the customer of the Final Beneficiary is a politically exposed person.
2. For Politically Exposed Person, to obtain approval from senior management to establish (or continue, in the case of existing customers) business relationships with these customers, and when the cases are applicable for non-financial regulated subjects and activities performed by regulated professionals.
3. For the financial regulated subjects, to identify the financial and transactional profile of the Politically Exposed Person as to the source of the heritage and the source of the funds, and when the cases are applicable for non-financial regulated subjects and activities performed by regulated professionals.

4. Perform intensified continuous monitoring of operations throughout the entire business relationship.

Additionally in the case of the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by professionals they must have systems in place to determine whether the customer or the final beneficiary is a Politically Exposed Person from an International Organization or family or close associate of any category of Politically Exposed Person (Foreign, National or International Organization); and in cases where the business or transaction relation is riskier, according to a risk analysis, the extended due diligence measures applicable to Foreign and Domestic Politically Exposed Persons will apply.

The reporting entities may not apply discriminatory treatment towards individuals who qualify as politically exposed persons, always that they could meet the requirements of enhanced due diligence required by the reporting entity.

Will not be considered as politically exposed persons individuals who occupy positions or subordinates of the categories mentioned in paragraph 18 of Article 4 of this Law. The period during which a person is considered politically exposed person will be from the time of his appointment until his dismissal and no more than the subsequent period of two years from the moment it ceases to perform the duties and obligations for which he was qualified as politically exposed person initially.

**Article 35. Application of Due Diligence measures by third parties.** For the implementation of Due Diligence measures, the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, may resort to Compliance Agencies, to assist them in procedures for customer identification, identification of the Final beneficiary and understanding of commercial or transactional nature of the customer.

The Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision are responsible in relation to the measures developed by the third party in the customer identification procedures, the identification of the final beneficiary and the understanding of the commercial or transactional nature of the customer.

Regulations should determine the criteria that this type of measures should include.

**Article 36. Prohibition of establishing a relationship or conduct a transaction.** When the customer does not facilitate compliance with the relevant Due Diligence measures, the

Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision shall not open the account nor begin the business relation, or shall not make the transaction and may submit a report on suspicious activities.

**Article 37. Dependence on third parties.** The non-financial regulated reporting entities and activities of professionals subject to supervision may, at its discretion, to rely on the due diligence performed by a third party who, in turn, is a reporting entity.

## **Chapter II**

### **Monitoring Business of the Customer**

**Article 38. Know the nature of the business of the Customer.** The Financial Reporting Entities must:

1. Collect information from Customers in order to know the nature of the activities of their business or profession. The activity declared by the Customer will be recorded by the Reporting Entities, at the beginning of the business relationship.
2. Verify the declared activities of their Customers as provided in the regulations of this Law and, in any case, when circumstances concur in determining a special analysis of operations as provided in Article 41 of this Law, when the operations of the Customer are inconsistent with his declared activity, the financial profile, the transactional profile or his background.
3. Identify and know the Final Beneficiary in his database, with the firm intention of knowing the nature of his activities, the financial performance and the relation with other accounts or contracts.

**Article 39. Continuous monitoring of the business relation.** The Financial Reporting Entities must:

1. Keep track of the operations performed during the business relation to ensure that they are commensurate with professional or business activities and the financial and transactional profile of the Customer. The Financial Reporting Entities will increase surveillance when warning signs or behaviors with above-average risks are observed, by regulations or by the conclusions of the risk analysis performed by the Financial Reporting Entities.

2. Perform periodic reviews to ensure that the documents, data and information obtained as a result of the Due Diligence processes are kept updated and presently respond to the reality of the operations of the Customer.
3. Pay special attention to the financial and/or transactional profile compared to the reality of the movements in cash, quasi-cash, checks or electronic transfers.

The monitoring will be comprehensive, and must incorporate all the products and services of the Customer, the subscriber, the agent, the representative, the associate, the co-holder and the Final Beneficiary that keeps the account, contract or relation with the Financial Reporting Entities and, if the case be, with other corporations of the group, as well as those related.

The Prevention Manual will illustrate, according to the risk, the frequency of the document revision processes and the financial and/or transactional profile required for high-risk customers, or by the type of movement performed by the Customer.

This requirement will be evaluated and regulated by the relevant Supervisory Entity.

### **Chapter III**

#### Essential Criteria

**Article 40.** Control designs for the Implementation of Preventive Measures on a Risk-Based Approach. The Financial Reporting Entities and the Non-Financial Reporting Entities must implement a risk-based approach, which involves an assessment of the products and services offered and to be offered to the Customers, as well as the geographic location in which the reporting Entities offers and promotes its services and products. The purpose of this type of assessment is to sensitize on the facts that must be controlled and the way to do it. In this sense, the Reporting Entities must:

1. Design controls according to the degree of complexity of Activities, which may provide different risk categories of the Customer, to attain adequate segmentation, established on the basis of the potential risk of unlawful activity associated to the accounts, contracts and transactions of the Customers.
2. Perform predictive analysis to sensitize on the risks that may affect the products and services, considering the probability and impact of Weapons of Mass Destruction, as well as related offenses and based on this analysis design appropriate controls to mitigate the observed risks.

3. Consider technological tools to add effectiveness to the functions of Prevention of the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction. In this regard, the Reporting Entities depending on their size, level of assets, number of customers, geographical areas where they have presence, products, services and distribution channels, will endow their areas of control with technological applications that will facilitate:
  - a. Transactional follow-up, customer analysis and investigation for the detection and report of suspicious transactions.
  - b. Verification comparing with lists of local and international risks.
  - c. Customer segmentation in quantitative and qualitative terms with a risk-based approach.
  - d. Situational strategic planning.
  - e. Other areas and functionalities of interest to strengthen the actions of the Reporting Entities in the administration of risks related to the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

This requirement will be evaluated and regulated by the respective Supervisory Entity.

**Article 41. Special assessment.** The Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision shall analyze with special attention to, any fact, operation or transaction, regardless of its amount, which is considered unusual as provided in this Law. To this end, they shall, among other aspects:

1. Analyze the background and purposes of such transactions and document findings in written;
2. Apply enlarged or reinforced Due Diligence to business relations or transactions with natural and legal persons and financial institutions, from countries that according to the Financial Action Task Force do not apply sufficient measures for the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.
3. Check documentation and special and reference list on customer risks for the opening of accounts or the provision of services.

**Article 42.** Know your employee policy. Regulated financial subjects and non-financial regulated subjects must properly select and monitor the conduct of employees, especially those in positions related to the management and analysis of customers, money receiving, information control and key controls. Additionally, a profile of the employee must be established, and must be updated throughout the period of employment.

Employees must be trained to understand the risks they are exposed to, the controls to mitigate such risks and personal and institutional impact of their actions.

**Article 43.** Possibilities of exchanging information. Regulated financial subjects will appoint a suitable person in each of the institutions that constitute the Financial Group, the Economic Group or Business Conglomerate, so that they can exchange information between those with domicile in Panama. The terms and conditions to allow the exchange of information will be established in the regulations of this Law.

**Article 44.** Control measures for the free zones. Companies in the Colon Free Zone, companies established in the Panama Pacific Agency, the Baru Free Zone, the Diamond's Market of Panama and companies in Free Zones, shall design controls that allow them to secure the reasonableness of their operations in terms of knowing the identity of their counterparts in the chain of foreign trade, understanding the risks of Crimes related to Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

To comply with this Article, all operations must have the commercial detail to indicate the exporter, the exporter's country, the port of shipment, the importer, the importer's country, the port of landing and the reasonableness that the participants are related to the product traded, and the true origin of the product and the Final Beneficiary. The falsification of export documents will be considered as an aggravating factor in case of a conviction for the commission of one of the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

The previous mentioned companies shall refrain from making transactions with counterparts that are related to Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

Furthermore, the previous mentioned companies must know the origin of the payments received in cash and in the format that the supervisory entity defines together with Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and eh Financing of

Terrorism, identify the customer or the third party making the payment of sales of the products sold or down paid or cancelled from the accounts receivable, indistinctly that it be through credit facilities discount. In this sense, the previous mentioned companies must report to the Financial Analysis Unit of any suspicion of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

**Article 45. Independent Evaluation.** Independent evaluations on the effectiveness of controls may be made by external auditors or other independent experts with expertise on the matter. As a responsible practice, the Financial Reporting Entities must have ongoing financial internal audit procedures for the prevention and detection of Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction. To this end, the Internal Audit sector must be provided with a budget so that, as a third line of defense can exercise its role with independence and effectiveness, within the prevention system.

The independent evaluations Program shall focus on the risk determined for each area and its programs will vary according to the size of the Reporting Entities, the complexity, the scope of the Activities, the risk profile, the quality of its control functions, the geographic diversity, the number of products and services, customers, distribution channels, the volume of transactions and the use made of technology. The frequency and scope of each independent evaluation will vary according to the assessed risks. The results should help the Board of Directors and its Supervisory Entities to identify areas that have weaknesses and require tighter controls.

Independent evaluations should be made based on the risks identified for each area and must be made available to the Supervisory Entity. The external auditors or other independent experts with expertise on the subject should rotate, according to the provisions of the Supervisory Entity.

The personnel conducting independent evaluations on the Financial Reporting entities should be specialists in the subject and must have proven experience of more than five years with knowledge in the domain of local and international laws for the Prevention of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction, as well as on business operations that enables them to understand the risks to which Financial Reporting Entities are exposed.

For Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, the independent evaluations shall be regulated by the Supervisory Entity.

**Article 46. Electronic transfers.** The Financial Reporting Entities must ensure that information on electronic transfers includes the following:

1. The name of the originator.
2. The name of the beneficiary.
3. An account number for each or a unique reference number of the transaction.
4. Any other information required on the originator and the beneficiary and that it be precise. Such information must remain on throughout the payment chain and should be available to the competent judicial authorities, the Supervisory Entities and the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism, in order to assist them in the detection, investigation and prosecution of terrorist or other criminals.

**Article 47. Obligation to provide Training.** The Financial Reporting Entities, the Non-Financial Reporting entities and Activities performed by Professionals subject to supervision, must give continuous and specific training to employees in positions related to the treatment, communication and managing relations with Customers and suppliers, receiving money, processing transactions, designing products and services and others personnel working in sensitive areas: such as Compliance, Risks, Human Resources, Technology and Internal Audit, enabling them to stay updated on the different typologies, cases and lodging on Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

Supervisory entities must inform the National Commission against Money Laundering and Terrorism Financing and the Financing of the Proliferation of Weapons of Mass Destruction on the guides oriented for the annual training of regulated parties, as they deem appropriate.

**Article 48. Other measures.** Financial Reporting Entities shall adopt rules for self-assessment of the degree of risks and other good practices for the prevention of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction, to the extent that such practices do not constitute a violation of legal norms, regulations, ingrained uses and customs or the rights of the customers.

## **Title VI**

### **Preventive Freezing**

**Article 49. Preventive freezing.** The Reporting Entities must proceed immediately to carry out a preventive freeze on funds, goods or assets, after receipt of the lists that for that purpose is issued by the United Nations Security Council, in accordance with the provisions of the Resolutions of the United Nations Security Council, numbers S/RES/1267, S/RES/1988, S/RES/1373, S/RES/1718, S/RES/1737 and all successive, or other Resolutions to be issued on the matter, in order to prevent the use of its products and services to commit acts of terrorism, its financing, as well as the financing of the proliferation of weapons of mass destruction.

After receiving the referred lists from the Ministry of Foreign Affairs, the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism, shall distribute those to the Reporting Entities, who once they have found a coincidence between the list and a Customer, will proceed to suspend any transaction with him and preventively freeze the funds held.

The Reporting Entities shall immediately notify the Financial Analysis Unit that they have made a precautionary freeze on funds, property or assets; and the latter, in turn, will inform the Public Ministry so that the freezing will be immediately submitted to the control of the competent judicial authority.

The Reporting Entities should not liberate the property and assets until receiving legal notification on the matter.

**Article 50. Ratification of the measure.** Once preventive freezing has been submitted to judicial control, the Second Criminal Chamber of the Supreme Court, without delay, as these are cases arising under the parameters of United Nations Security Council, numbers S/RES/1267, S/RES/1988, S/RES/1718, S/RES/1737, and all successive or other resolutions to be issued on this matter, in order to prevent the use of its products and services to commit acts of terrorism, its financing, as well as the financing of the proliferation of weapons of mass destruction, will proceed to verify if there is coincidence between the physical or legal person who is the owner, holder and controller of the goods and assets subject to freezing, in order to ratify the measure.

**Article 51. Procedure for request S/RES/1373.** Once the preventive freezing is submitted to judicial control, the Second Criminal Chamber of the Supreme Court, without delay, as these are cases arising from request based under the parameters of the United Nations Security Council Resolution 1737, shall proceed, to verify whether the request designating the person a terrorist is based on reasonable elements to determine that the proposed designee meets the parameters established by Resolution 1373, for the purpose of ratifying the measure.

The Second Criminal Chamber of the Supreme Court will review the information provided by the requesting country; the latter must provide as much detail as possible about: the name contained in the application, sufficient identifying information to allow the identification of natural and legal persons and specific information to substantiate that the person meets the parameters provided in Resolution 1373.

**Article 52. Judicial authorization.** For the purposes of the Articles of this Title, the Second Criminal Chamber of the Supreme Court prior notification via the Ministry of Foreign Affairs to the United Nations Security Council Committee established pursuant to Resolution 1267 of 1999, may authorize the access to frozen funds or assets preventively, when these are necessary to cover basic expenses, which may include: costs for services or other extraordinary expenses, interest, payments due on contracts, agreements or obligations and others pursuant to Security Council Resolutions 1452, 1963, 1718, 1737, and successive on the matter.

In the case of homonymy, the judge must verify that the affected person does not match to the one listed.

## **Title VII**

### **Reports to the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism**

**Article 53. Report of transactions.** The Financial Reporting Entities and the Non-Financial Reporting Entities, when applicable, within the period established by the regulations must report the statement of the following transactions or operations, whether conducted in or from the Republic of Panama, as well as any additional information related to such transactions or operations for their proper analysis:

1. Deposits or withdrawals of cash or quasi-cash held in accounts or natural or legal persons, in the amount of ten thousand dollars (US\$10,000.00) or more, or through successive transactions, although individually are for amounts under ten thousand dollars (US\$10,000.00) or more. Foreign currency transactions must be reported for the equivalent change.
2. Changes of cash in small denominations for others of higher denominations or vice versa, in the amount of ten thousand dollars (US\$10,000.00) or more, or through successive transactions that, although individually are for amounts under ten Thousand Dollars (US\$10,000.00), at the end of the day or week add up to a total ten thousand dollars (US\$10,000.00) or more.
3. Change of cashier checks, traveler checks, and payment orders issued to the bearer, with blank endorsement and issued on the same date or nearby dates by the same bearer or bearers of the same plaza.
4. Purchase and sell of different currencies than the legal tender in the Republic of Panama, equivalent to ten thousand dollars (US\$10,000.00) or more or the sum of this figure in a week, or through successive transactions that, although individually are for amounts under ten thousand dollars (US\$10,000.00) or more must be reported by the equivalent exchange.
5. Payments or receipts of cash, quasi-cash, in the amount of ten thousand dollars (US\$10,000.00) or more or the sum of this figure in a week by a customer or a third party acting on behalf of the customer.

**Article 54. Obligation to report a suspicious operation.** The Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision must communicate directly to the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism of any fact, transaction, operation, in which there is suspicion that it may be related to the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction, regardless of the amount that cannot be justified or supported, as well as control weaknesses. The reports should be submitted to Financial Analysis Unit within fifteen calendar days from the detection of the event, transaction or operation or control failure. Nevertheless, Reporting Entities may request an extension of fifteen more calendar days to send the supporting documentation, where there is a complexity in the collection.

The financial intelligence reports will not have a probative value and may not be incorporated directly to the judicial or administrative proceedings.

### **Title VIII**

#### Confidentiality

**Article 55. Confidentiality and reserve of the information.** The information obtained by a Supervisory Entity and Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorist in the exercise of its functions should be kept under strict confidentiality and may only be disclosed to the Public Ministry, the agents with criminal research functions and the jurisdictional authorities in accordance with the legal provisions in force.

Officials of the Supervisory Entity and the Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorist that receive or request in writing to regulated financial subjects, non-financial regulated subjects and regulated activities performed by professionals or have knowledge of information by reason of the provisions of this Law, shall keep it in strict reserve, confidentiality and may only be disclosed to the Public Ministry, the agents with criminal research functions and the jurisdictional authorities in accordance with the legal provisions in force. Officials of the Supervisory Entity and of the Financial Analysis Unit that directly or indirectly disclose, divulge or make improper personal use through any means or form of the confidential information in violation of his duty, responsibility and obligation of strict reserve and confidentiality, without prejudice of civil and administrative liability, shall be sanctioned as provided in the Criminal Code.

Public officials who, because of their position, have access to the information referred to in this Article, shall be obliged to maintain due confidentiality, even when they cease in their functions.

All public officials are required to report to the competent authorities any violation and/or deviation of the provision contained in this Article.

**Article 56. Exemption of civil and criminal responsibilities.** The Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, when applicable, their directors, officers and employees will not be subject to

criminal and civil liability for filing suspicious transactions reports or related information, in compliance with this Law.

The Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, when applicable, may not make known to the customer or third parties, that information has been requested or has been provided, including the delivery of the suspicious operation reports, to the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism, in compliance with this Law and other regulations in force. Non-compliance entails the application of the sanctions provided in this Law and its regulations.

**Article 57. Protection and suitability of employees, managers and agents.** The Financial Reporting Entities, Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, will take appropriate measures to keep confidential the identity of employees, managers or agents that have performed a communication or report to the internal prevention bodies of the Reporting Entities.

The authorities shall take appropriate measures to protect against any threat, employees, managers or agents of the Financial Reporting Entities, the Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, that communicate suspicion on Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

**Article 58. Legal Protection.** The Director General of the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism and its respective officers, as well as officials of the Supervisory entities, and the person or unit responsible for serving as a liaison with Financial Analysis Unit and the respective Supervisory Entity shall be entitled to have their respective institution or employer cover the costs and expenses necessary for his defense, when he is subject to actions, proceedings, judgments or claims arising from acts or decisions adopted as provided in this Law, and in the proper performance and good faith of his powers, functions or obligations. The legal protection referred to in this article shall apply to such officials for acts done in the performance of their duties, even after having ceased in their functions.

If the officer is convicted and bad faith and malice on his part is demonstrated, he must reimburse the Institution, the expenses incurred for his defense.

**Title IX**  
Sanctions

**Article 59. Criteria for the imposition of sanctions.** The Supervisory Entities will impose the administrative sanctions for violation of the provisions of this Law and its regulations, taking into consideration the seriousness of the offense, the recurrence and the extent of the damage caused to third parties.

The supervisory entities will establish the gradation of sanctions, a progression of disciplinary and financial sanctions, the power to withdraw, restrict and suspend the license of the Reporting Entities as well as the sanctioning procedure to be followed in accordance with the provisions of this Law and in special Laws. However, the power to cancel, withdraw, restrict, remove or suspend the license, certificate of suitability and other authorizations for the performance of Activities or operations conducted by Financial Reporting Entities, Non-Financial Reporting Entities and Activities performed by Professionals subject to supervision, will correspond to the appropriate regulatory body that granted it, at the request of the respective Supervisory Entity, on matters related to the Prevention of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction, who shall be authorized by this Law to request the authority that issued the license or permit, the cancellation thereof of the serious repeated violation of the provisions of this Law.

**Article 60. Generic sanctions.** Failure to comply with the provisions of this Law or those provided for its implementation by the respective Supervisory Entities for each activity for which a specific sanction is not established, shall be sanctioned for that event alone with fines from five thousand dollars (US\$5,000.00) to one million dollars (US\$1,000,000.00), depending on the seriousness of the offense and the degree of recidivism, to be imposed by the Supervisory Entities of each activity or at the request of the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism for any breach or late submission or incorrect reports.

**Article 61. Specific sanctions.** Supervisory Entities shall regulate the level of specific, proportionate and dissuasive sanctions that are available to deal with the natural or legal persons covered by this Law, in accordance with the relevant sanctioning powers granted by its

constitutive Law or that creates them, that do not comply with the requirements to prevent the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

The sanctions should be applicable not only to the Reporting Entities, but also to those permitting or authorizing the breach of the provisions of this Law or those provided for its implementation by the respective Supervisory Entities, of each Activity.

**Article 62. Progressive fines.** In all cases in which the commission of acts in violation of the provisions of this Law and the rules for its implementation lasts over time, the Supervisory Entity can impose progressive fines until the violation is corrected.

**Article 63. Corporate Responsibility.** For the sole purpose of sanctions and the regulations adopted in its development, the Laws and conduct of management, officers, executives, administration or operations of the Reporting Entities, are attributable to the Reporting Entities and persons exercising activities on whose behalf they act.

On the other hand, natural persons, perpetrators of such actings and behaviors are subject to civil and criminal liability under the terms provided in this Law and the Criminal Code.

**Article 64. Collection of sanctions.** The sanctions for which collection has not been possible for reasons attributable to the sanctioned subject will be collected through the compulsory jurisdiction of each Supervisory Entity. Where there is no such function, the General Direction of Revenue, of the Ministry of Economy and Finance, shall proceed with the procedures for coercive collection. The results of the implementation process will be informed by the General Direction of Revenue of the Ministry of Economy and Finance to the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism.

**Article 65. Destination of the Sanctions.** The amount of the penalty imposed by the supervisory bodies will be referred to a special account of the Ministry of Economy and Finance for the purposes of training, procurement of equipment, information tools and other resources to combat money laundering, financing of terrorism and the financing of the proliferation of weapons of mass destruction.

**Article 66. Ordinary procedure.** In determining violations and enforcement of the sanctions provided in this Law, without detriment of a special procedure, the provisions of the Administrative Procedure Law will also be taken into account.

## **Title X**

### **Representation before International Organizations**

**Article 67. International Representation.** The Republic of Panama as a subject of international law will actively participate in Regional and International Organizations specialized in the Fight against the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction.

The Executive Body shall appoint the governmental representatives to the Organizations linked to the Fight against Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction taking into account the nature and functions of the organizations and institutions of the Government of the Republic of Panama related to efforts in this matter.

In cases in which the representation is assumed by a different governmental institution than the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism, the latter will provide technical support as the entity is specialized on the subject.

The representation before the Egmont Group shall be exercised by the Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism.

The representatives of the Government of the Republic of Panama to organizations linked with the fight against Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction must submit at the end of each quarter, reports on matters dealt with these organizations, to the Ministry of Economy and Finance, in its capacity as the coordinating body for the High Commission against Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction. In the case of official missions and acts performed abroad, the report shall be submitted no later than thirty calendar days after completion of the mission.

**Article 68. Payment of Annual Contribution.** The Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and the Financing of Terrorism will assume the payment of annual contributions arising from the membership of the Republic of Panama to the Financial

Action Task Force of Latin America (GAFILAT) or the equivalent body approved by the Executive Body.

## **Title XI**

### **Other Dispositions**

**Article 69.** Article 14 of the only text that includes Part II of Law 67 of 2011 will be as follows:

**Article 14. Powers of the Superintendent.** The duties of the superintendent are:

1. Solve applications for registration of securities for public offerings and any others that are submitted to the Superintendent under the Law of the Securities Market.
2. To ex officio cancel or upon request by the securities records stated in the Superintendency.
3. Suspend public offerings that violate provisions of the Securities Market Law or as otherwise provided by Law.
4. To issue, suspend, revoke, cancel and deny licenses whose granting is in charge of the Superintendent pursuant to the Law on the Securities Market.
5. Receive notifications in cases of opening branches or subsidiaries in Panama and abroad of entities licensed by the Superintendent.
6. To examine, supervise and oversee the activities of entities licensed by the Superintendent and its top executives, brokers and analysts within the functions inherent to their licenses, as appropriate.
7. To examine, supervise and monitor the activities of investment companies.
8. Monitor and supervise a foreign branch of entities licensed by the Superintendent, as the procedures to be established by agreement.
9. Issue, grant or refuse registration of risk rating agencies and entities providing prices according to procedures established by agreement.
10. Conduct inspections, investigations and prosecutions under the Securities Market Law, subject to the procedure of investigation and sanction of the Superintendent.
11. To impose the sanctions established by the Securities Market Law.
12. Authorize the draft for the articles of incorporation and amendments linked to the activity of the market, in the case of change of name, merger, liquidation or

reduction of share capital when the actual reimbursement of contributions involving entities licensed by the Superintendency.

13. Liaise bilateral or multilateral cooperation with foreign supervisory authorities or market authorities in order to facilitate effective international monitoring and research.
14. Establish partnerships with public institutions or private institutions of professional or educational character.
15. To issue certifications related to the existence and activities of entities licensed by the Superintendent or the National Securities Commission based on the information obtained in the Superintendency.
16. Issue certificates relating to the registration of securities in the Superintendency.
17. To initiate collective processes of class, upon decision of the Board of the Superintendency and use those other actions and measures available to reinforce the Securities Market Law.
18. Issuing opinions expressed administrative position of the Superintendency regarding the application of the Securities Market Law.
19. To issue the necessary circulars on instructions for compliance with the Securities Market Law and the rules for its implementation.
20. Procure goods and hire the services necessary for the proper functioning of the Superintendency and to execute or carry out the functions entrusted to it by the Securities Market Law.
21. Prepare the draft annual budget, the annual report on the activities and projects of the Superintendency and put those for the consideration of the Board.
22. Set salaries and other emoluments and select, appoint, transfer, promote, license with or without pay and dismissal of employees and officials of the Superintendency and apply the relevant disciplinary sanctions.
23. Ensure the implementation and efficient administration of the annual budget of the Superintendency.
24. Approve the hiring through exceptional recruitment procedure required by the Superintendency on amounts for less than thirty thousand dollars (US\$30,000.00), under the circumstances provided for in the Public Procurement Law and its regulations concerning such procedures.
25. Submit to the Board the following documentation:

- a. The unaudited financial statements of the Superintendency. Quarterly reports shall be submitted within two months following the closing of each quarter of each fiscal year and the annual report on two months following the closing.
  - b. The annual and quarterly work report at the same time the financial reports are presented.
  - c. The monthly budget execution.
26. To resolve all administrative measures that were not expressly reserved to the Board or other authority.
  27. To authorize, modify and revoke exceptions to use names that relate to the Securities Market, as well as communications and actions referred to in Article 332 of Decree-Law 1 of 1999.
  28. Require any person, natural or juridical, for sending information or documentation required for the purposes of effective monitoring, investigation or for the purpose of sharing it with foreign authorities or entities monitoring the securities market whereby with the Superintendency of the Securities Market have signed agreements for mutual cooperation or are part of multilateral memoranda of understanding.  

In cases where the Superintendency of Securities requires banking information, this will be requested by the Superintendency of Banks. The Superintendency of Banks shall be entitled to request information on banks liabilities and identity of depositors. Such exchange of information will be pursuant to a memorandum of understanding between the two regulators for such purposes.
  29. Quote and take statements from anyone who can contribute or contribute to success in investigations conducted by the Superintendency or other body or supervisory body or the Securities Market from abroad that is part of a multilateral memorandum of understanding with the Superintendent.  

The Superintendency may use any technical and legal means to obtain full, complete and accurate record of statements, complying with the formality of being transcribed and signed by the respondents.
  30. Liaise bilateral or multilateral cooperation with local authorities supervising financial activities in order to strengthen local effective monitoring mechanisms

and to update preventive regulations, trading and supplying useful information for it to exercise the function supervisor or local authorities.

31. Exercising the powers that the Securities Market Law and other regulations stipulate.

The Superintendent may delegate functions, subject to the decisions and directives of the Board of Directors, officers of the Superintendency, except for the adoption or amendment.

**Article 70.** Article 30 of the only sole text that includes Part II of Law 67 is as follows:

**Article 30.** Understandings with foreign supervisory bodies. The Superintendency will held bilaterally or multilateral agreement of understanding and cooperation with foreign authorities or supervisory bodies of the Securities Market, in order to facilitate effective international monitoring and research, asking, sharing or providing the information necessary for the best development for it of supervisory and investigative functions on market agents.

Cooperation between the Superintendent and supervisors abroad will be based on principles of bilateralism and reciprocity, mutual cooperation, confidentiality of information, relevance of information requirement for specific purposes of effective monitoring and research on agents and participants of securities market could include an investigation or sanction in the administrative, civil or criminal sphere provided that such are behaviors arising from breaches to the securities market, so as any other principle estimated suitable for the purposes of effective supervision of the securities markets.

The Superintendency may make rules, procedures and requirements to be fulfilled for the implementation of this article.

**Article 71.** Article 331 of the Sole Text of Decree Law N° 1 of 1999, will read as follows:

**Article 331.** Access to information and confidentiality. All information or any document submitted to the Superintendency, or that it may obtains, shall be public and may be examined by the public, unless:

1. It has to do with industrial or commercial secrets, such as patents, formulas or other, or business information or finances secret whose confidentiality is protected by law and not required to be made public to meet the purposes of this Decree law.

2. Have been obtained by the Superintendency in an investigation, inspection or negotiation concerning a violation of the Securities Market Law.  
Nevertheless, the Superintendency may submit such information and documents to courts in a class collective process, to the Public Ministry in case it has reasonable grounds to believe that there has been a violation of the criminal law or to comply with the provisions in the article that regulates the consolidated supervision of the Securities Market Law.
3. At the request of an interested party, the Superintendency has agreed to hold it in reserve, because there are justified reasons and that the disclosure of such information or document is not essential to protect the interests of the investing public.
4. It concerns to information obtained through the Superintendency of Banks in accordance with the powers set out in paragraph 28 of Article 14. The Superintendency of the Securities Market may only share such information with foreign financial supervisory entities of Securities Market, provided that a multilateral memorandum of understanding has been subscribed.
5. When it pertains to information or documents that the Superintendency by agreement dictates that they are to be kept confidential.

The Superintendency shall disclose the information required by a competent authority of the Republic of Panama as provided by the law. The Superintendency will not be authorized to provide information that has been obtained through a local or foreign financial supervisory entity under a multilateral memorandum of understanding. In this case, the Superintendency shall request from the competent authority in the Republic of Panama such information to the Supervisory authority of origin, be it domestic or from abroad.

The Superintendency will take the necessary measures to preserve the confidentiality of any information or documents that must be held in reserve as provided in this Article.

**Article 72.** Article No. 2 of Law No. 2 of 2011 is amended as follows:

**Article 2.** For the purposes of this Law, the following terms will be understood as follows:

1. *Lawyer.* Legal professional with competence issued by the Fourth Chamber of General Affairs of the Supreme Court of Justice of the Republic of Panama or the

institution that in the future may perform this function, exercising the legal profession individually or through civil societies of competent attorneys incorporated pursuant to the law.

2. *Resident agent.* Lawyer or law firm that serves as such and that shall keep the records required by this Law from the legal entities incorporated under the laws of the Republic of Panama and with whom it maintains a professional relationship at present.
3. *Competent Authority.* The Regulatory Body for the Monitoring and Regulations of Non-Financial Subjects, the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering, Terrorism financing and Financing of Proliferation of Weapons of Mass Destruction, the Public Ministry and the Judicial Body, in relation to money laundering, the financing of terrorism activities and any other illegal activity pursuant to the laws of the Republic of Panama; and the General Revenue Direction of the Ministry of Economy and Finance, in relation to compliance with international treaties and conventions ratified by the Republic of Panama.
4. *Customer.* Natural or legal person having a professional relationship with an attorney or law firm, on their own behalf or for a third party, so that the later will provide registered agent services for one or more legal entities.
5. *Legal Entity.* Any legal structure or relation requiring the resident agent services by law.
6. *Measures to know your customer.* Actions that every resident agent must perform to meet the requirements of this Law.

Each of the terms expressed in this article shall be construed as including both the plural and the feminine.

**Article 73.** Law 42 of 2000 is repealed.

**Article 74.** Executive Decree 1 of 2000 is repealed.

### **Title XIII**

#### **Final Dispositions**

**Article 75. Submission of statements by travelers.** The National Customs Authority submit a daily report to the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and Terrorism financing of the information contained in the statements for travelers completed by the passengers entering or leaving the country and testify under oath the entry or withdrawal of money or its equivalent in other currencies, traveler's check, bonds, securities or other negotiable instruments or means of payment in excess of the value of ten thousand dollars (US\$10,000.00).

The National Customs Authority also submit a daily report to the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and Terrorism financing related to money or its equivalent in other currencies, traveler's check, bonds, securities or other negotiable documents or means of payments that have been confiscated for not being declared by passengers entering or leaving the country.

**Article 76. Rules.** The Executive Branch, by means of oversight bodies, will regulate this Law within one hundred twenty days after its entry into force.

**Article 77. Indicative.** This Law amends Articles 14, 30 and 331 of the sole text comprising the Decree-No. 1 of 1999 and Title II of the Law No. 67 of 2011; amending Article 2 of the Law 2 of February 1<sup>st</sup>, 2011; and repealing Law No. 42 of October 2, 2000 and the Executive Decree No. 1 of 3 January 2011.

**Article 78. Term.** This Law shall take effect on the day following its promulgation.

**BE PUBLISHED AND ENFORCED.**

Bill 167 of 2015 approved on third reading at the Palacio Justo Arosemena, Panama City, on the twenty second day of April, in the year two thousand fifteen.

Adolfo T. Valderrama R.

President

Franz O. Wever Z.

The General Secretary

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**Certification**

The undersigned, public authorized and official translator/interpreter by means of Res. 677 of September 14<sup>th</sup>, 2006, David Luke Quirós, certifies that the foregoing it is a true and lawful translation into english language of the attached document written in Spanish language. April 27<sup>th</sup>, 2015.