Panama at a glance:
New regulations in progress

No.1 March 2015

Importance of facing challenges of money laundering is recognized

Some companies will have to assume additional costs to comply with the requirements that the new law for the prevention of money laundering is establishing.
Source: Roberto González Jiménez, La Prensa - March 20, 2015.

TOPICS:
FATF (Financial Action Task Force group) Money Laundering MEF (Ministry of Economy and Finance)

Entrepreneurs recognize that the economy would be impaired if a new negative revision of the money laundering prevention structure is produced.

Representatives of business associations consulted by this newspaper agreed on the importance for the country to face the challenges generated by money laundering and the financing of terrorism.

Entrepreneurs recognize that the economy would be impaired if a new negative revision of the money laundering prevention structure is produced. Picture by: LA PRENSA/Iván Uribe

The Executive presented Wednesday in the plenary of the National Assembly a bill that updates the legal framework, of the year 2000, on the prevention of money laundering, financing of terrorism and the proliferation of weapons of mass destruction.

The project extends controls and supervision to around 30 economic activities.

In some cases, companies will have to assume additional expenses, but according to the Minister of Economy and Finance, Dulcidio De La Guardia, this costs are minors compared to those the economy would have to bear if measures to prevent money laundering are not taken.

The president of the Chamber of Commerce, Industry and Agriculture of Panama, Jose Luis Ford, said yesterday "it is a topic that cannot be avoided, and must be faced as a country because the world is demanding it from us". He recognized that "not everybody is happy", but it is a reality that must be faced.

Camilo Valdes, lawyer that has participated in the discussions for the preparation of the project in representation of the Banking Association of Panama, said that the bill "will improve the image of Panama and help it get out of the gray list of the Financial Action Task Force (FATF), something that is paramount.

Panama came into the gray list of this international organism the past month of June, after a report of the International Monetary Fund revealed the weaknesses of the system.

To get out of the list, one of the main recommendations of the organisms is to strengthen the legal framework of the prevention of money laundering.

This is the objective of the project presented last Wednesday in the Assembly, which defines a series of economic sectors as "obligated parties" that implies they will be supervised by the financial superintendence or the Ministry of Economy and Finance.

Among the "obligated parties" are the real estate promoters, gaming companies, car dealers, stones and precious metals dealers, the National Lottery, companies in the Free Trade Zone of Colon, and lawyers, notaries and public authorized accountants, when performing said activities.

Antonio Alfaro, president of the Association of Gaming Management, said the union is not posing any objections to the bill, because the sector has been regulated since the year 2000 and its reporting levels are "superior to the industry in general, including the United States".

The president of the Panamanian Association of Real Estate Brokers and Promoters, Katherine Shahani, on her part said that her sector is also currently obligated to report determined cash operations. Nevertheless, recognized that certain definitions introduced in the bill will generate additional work for the companies. "The work of a promoter over the study of the client will have to be more profound," she said.

The businesswoman said the sector was willing to collaborate, but it had also requested for some procedures to be performed on a more efficient level.

In the mean time, the lawyer Carlos Ernesto Gonzalez said, "Panama must get out of the FATF's gray list and it must do so intelligently, making minimum impacts to our competitiveness and respecting the constitutional norms and of international public law that protect privacy".

Source: Newspaper La Prensa – March 20, 2015

Cabinet approves preliminary bill against money laundering

This bill is the result of a dialogue between the public and private sector that has been developing since the last quarter of 2014.

Source: La Prensa - March 10, 2015.
TOPICS: Cabinet Council FATF

The Cabinet Council approved this Tuesday, March 10, the preliminary bill against money laundering, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction, informed a press release of the Presidency.

The purpose of this project is to eliminate the Nation from the gray list of the Financial Action Task Force (FATF). Picture by: La Prensa / Archivo

This preliminary bill is the result of a dialogue between the public and private sector that has been developing since the last quarter of the year 2014 and it is part of the initiative Panama United against Money Laundering, whose purpose is to eliminate the Nation from the gray list of the Financial Action Task Force (FATF).

"With the bill, the Government of the Republic of Panama safeguards companies and workers in key sectors of the Panamanian economy", says the press release.

The preliminary bill reinforces the control and supervision systems that have already been established for banking, securities exchange and financial services in general.

In addition, it allows improving suspicious transactions reports by including as "obligated parties", to report and comply with the dispositions of this Law, non financial sectors, such as companies in transportation of valuables, gaming, free trade zone, companies dedicated to the purchase of new and used cars, real estate companies and the National Lottery, among others.

The proposal designates as supervisors the Superintendence of Banks of Panama, Superintendence of the Securities Market of Panama, Superintendence of Insurance and Reinsurance of Panama, Panamanian Autonomous Cooperative Institute, and the Prevention Policy Unit of the

Ministry of Economy and Finance (MEF).
On the other hand, a new standard of Approach Based on Risks is adopted for both obligated parties and supervision organisms, which implies the adoption of due diligence measures in accordance to the risk exposure of each activity.

In the following days, the MEF will present the preliminary bill to the National Assembly.

Source: Newspaper La Prensa – March 10, 2015.

MEF meets with deputies to give details of the preliminary bill

Thursday March 12, 2015.
The preliminary bill is the result of a dialogue between the public and private sector.
Minister of Economy and Finance, Dulcidio De La Guardia, meets with deputies.
Source: online@laestrella.com.pa

Authorities from the Ministry of Economy and Finance (MEF), gathered today with deputies of the National Assembly (AN) to discuss the preliminary bill against the prevention of money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction, which was approved past Tuesday by the Cabinet Council and which will be presented before the legislative plenary meeting next week.

This preliminary bill is the result of a dialogue between the public and private sector that has been developing since the last quarter of the year 2014 and that forms part of the initiative "Panama United against Money Laundering", whose purpose is to eliminate the Nation from the gray list of the Financial Action Task Force (FATF).

With the approval of this law in the AN, Panama will reinforce its supervision and control systems within the financial and non financial sectors, and will comply with 60% of the action plan agreed with the FATF.

The vice minister of Finance, Eyda Varela de Chinchilla; Isabel Fernández, Director of Prevention Policies of Money Laundering of the MEF; and Julio Aguirre, advisor for the MEF, who participated actively in the preparation of the preliminary bill, presented the details of this legal proposal to the deputies.

Also intervened in this event Gustavo Vega Ruvalcaba, Deputy Director of International Affairs of the Financial Analysis Unit of Mexico before the Revisor Group of the Americas; Esteban Fullin, executive director of GAFILAT; and Luca Ricci, mission head of the International Monetary Fund in Panama.

On behalf of the National Assembly, participated deputies Raúl Hernández, Quibian Panay, Gabriel Soto, Raúl Pineda, Luis Eduardo Quiroz, Luis Barría, Daniel Ramos and representatives Néstor A. Guardia Jaén, Arístides de Icaza and Juan Manuel Poveda, among others.

Source: Newspaper La Estrella of Panama – March 12, 2015

Ricardo Fernández is the new Superintendent of Banks

With 30 years of experience, Ricardo Fernández served as director of Transaction Services of Citibank Panama. Replacing Alberto Diamond in this position, whose period in the SBP concluded December 31, 2014.
Source: Malou Mendoza P. -La Prensa, March 10, 2015.

TOPICS: Banks Superintendence of Banks of Panama (sbp) Ricardo Fernández

The banker Ricardo Fernández is the new director of the Superintendence of Banks of Panama (SBP),

according to the announcement made by the president of the country Juan Carlos Varela.
Fernández, who served as director of Transaction Services of Citibank Panama, replaces Alberto Diamond, whose period at the SBP concluded on December 31, 2014.
“I ask for him to assume this position with the determination of enforcing the laws of Panama”, said Varela after announcing the name of Fernández.
During his speech, Fernández highlighted that “the banking sector is one of the pillars of the Panamanian economy and needs a rigorous supervision”, that is why among his immediate priorities is transparency, because “fines and sanctions imposed to banks must be public”, he considered.

Source: Newspaper La Prensa – March 10, 2015.

© Marek Poplawski | Dreamstime.com

New Regulation on Disclosure of Final Beneficiary Ownership

The Panamanian regulator (Securities Market Superintendence – SMV) has issued General Resolution SMV JD-001-2014 implementing measures aimed at identifying the final beneficiary of joint stock companies – JSCs (Sociedades Anonimas).

The new regulation establishes that institutions regulated by the SMV must request all the necessary documentation to identify the final beneficiary of share certificates issued by JSCs.

For companies allowed by its charter to issue shares in bearer form, regulated institutions must take the following steps when opening investment accounts or offering services to the issuers of this type of stocks:

-Request and obtain from the client company amendments to its charter forbidding the issuance of bearer shares or allowing only the issuance of registered shares.

-For companies with stocks already issued on bearer form, regulated institutions are only allowed to provide any services if:

• JSC’s bearer stock certificates are under custody with an authorised custodian (local or from abroad), who provides full identification of the shares final beneficiary at any time; and

• A declaration disclosing all final beneficiaries’ identification details is provided.

Regulated institutions have a six-month grace period to meet these requirements for accounts and services provided to JSCs with bearer shares before the effective date of the new resolution (29 December 2014).

The norm is based among other regulations, on Law 42 of 2000 on Anti Money Laundering, which covers regulated institutions including stock exchanges, central securities depositories, brokerage houses and pension funds.

© David Castillo Dominici | Dreamstime.com

"This Newsletter is a summary of the most relevant News, published by the media, in Panama City, in regards to the Panamanian progress to comply with AML recommendations".