

PANAMA at a glance:



S&P's Positive Outlook for Panama Debt

Standard & Poor's (S&P) has improved Panama's outlook from stable to positive, re-affirming its BBB risk rating based on factors such as "high and consistent economic growth and a stable fiscal policy".

The rating granted by S & P recognized "...the progress made by Panama in recent years for the automatic exchange of tax information with 33 countries and changes in legal regulations to improve transparency in the financial system," said a Ministry of Finance statement.

According to S&P, Panama's rating reflects the record growth of Gross Domestic Product (GDP), the effective formulation of sovereign policies, its cautious fiscal and debt management as well as the Government's actions to improve transparency and supervision in the financial system.

Source: Newsroom Panama (July 5, 2018).



Panama's National Assembly members discussing the Law that Creates the Fiscal Council (Source: Ministry of Economy and Finance, October 24, 2018).

Tax Evasion will have a differentiated treatment

After a new day of intense negotiations in the National Assembly, the Government, Justice and Constitutional Affairs Committee approved in the first debate the bill 591, which considers tax evasion a crime with sentences of two to four years in prison and typifies as a precedent of money laundering.

Bill 591 was first presented back in January by the Ministry of Economy and Finance (MEF). In April, the first debate was opened, but the discussion did not prosper due to a lack of agreements. The conversations between the Government representatives and the unions continued, and it was not until this past October when the Government Commission resumed the first debate.



Fraud for more than \$ 300 thousand will lead to imprisonment of 2 to 4 years and, if it results in money laundering, the penalty will also be 2 to 4 years, lower than other crimes.

The legal initiative arose after an assessment by the Financial Action Task Force (FATF) determined that one of Panama's weaknesses in combating money laundering was the absence of a criminal offense. If in Panama is not a crime, the possibilities of international information exchange are complicated in the framework of a judicial investigation.

Source: Roberto González Jiménez - La Prensa (October 31, 2018).

Banking Center recovers lost correspondents

Between June 2014 and February 2016, from when Panama was included in the Financial Action Task Force (FAFT) grey list until it was removed from it, the banking center lost 74 correspondents.

From the moment Panama was removed from the grey list, it has recovered 72 correspondents and another 16 are currently being established, the Panamanian Banking Superintendency informed.

In a 2017 evaluation, Panama significantly improved upon the 2012 results in the compliance level of the FAFT's 40 technical recommendations to improve the prevention of money laundering.

In January, the Ministry of Economy and Finance (MEF) presented the National Assembly a bill to consider tax fraud of more than USD 300,000 during one year, a criminal offense.

Source: Roberto González Jiménez - La Prensa (September 24, 2018).

Local tax authority sends financial information to 31 countries

(Source: Roberto González Jiménez - La Prensa, October 1st, 2018).

On September 28, the General Revenues Directorate (DGI) sent out the first package of financial information of foreign customers to 31 countries, mainly European, following the Organization for Economic Cooperation and Development (OECD) standards.

This, along with the information sent to the



United States during 2017, are the first that Panama makes automatically, that is, without any requirement from foreign countries' tax authority, about the Panamanian financial center's clients.

"The information sent includes the name, address, country of residence, tax identification number, date and place of birth of the account holders", stated the DGI.

Source: Roberto González Jiménez - La Prensa (October 1st, 2018).

Panama joins UN initiative for sustainable and transparent markets

The Panama Stock Exchange was admitted as a member of the Sustainable Stock Exchanges Initiative (Source: Sustainable Stock Exchanges Initiative).

The Panama Stock Exchange (BVP) joined the

Sustainable Stock Exchanges (SSE) initiative by signing a commitment letter to promote sustainable and transparent capital markets. The SSE initiative was launched by then Secretary General of the United Nations, Ban Ki-moon, in 2009, and is organized by UNCTAD, the UN Global Compact, UNEP-FI and the PRI. The Panama exchange is the 77th SSE Partner Exchange, the 2nd from Central America.

“The Panama Stock Exchange reiterates its commitment to promote the Sustainable Development Goals (SDG). By joining the Sustainable Stock Exchanges initiative we strengthen our commitment to promoting sustainable investments based on ESG criteria, thus increasing the development of our capital market, and therefore, of our country,” said Olga Cantillo, Executive Vice President and General Manager of the BVP.

“We are committed to having better disclosures and performance in terms of environmental, social and governance development, among the companies listed on the Panama Stock Exchange and the financial center of our country,” Ms. Cantillo said.

The BVP has been working for three years on the adoption of the Sustainable Development Goals (SDG) and currently addresses 7 of the 17 goals. It also participated in the Ring of Bell for Gender Equality of the SSE this year in promotion of gender equality in its market.

Source: Sustainable Stock Exchanges Initiative (September 17, 2018).

BVP leads declaration to develop a National Sustainable Financing Roadmap



Panama's financial sector representatives (Source: Ancon).

Representatives of the main Panamanian financial sectors recognized the importance of addressing environmental, social and governance (ESG) issues, also known as sustainability issues, in the different activities of the financial system.

The representatives signed a declaration to address these issues as a necessity to support sustainable development. “If these issues are not addressed, they could pose a serious threat to the financial system sustainability, as well as to communities and economies around the world”, stated the aforementioned declaration.

Moreover, it states that “as supervisors, risk managers, financial actors, insurers, financial intermediaries and/or investors, we believe that the financial system has an important role to play in helping achieve an inclusive, resilient and sustainable economy that promotes human well-being, social equity and the environment conservation, as well as the objectives of global policy frameworks on sustainable development, such as the United Nations Sustainable Development Goals, and the Paris Agreement on Climate Change.

The representatives declared their solid interest in developing a National Sustainable Finance Roadmap that addresses ESG aspects in the context of the risk management, resource intermediation and investment activities of the Panamanian financial system. The roadmap will help achieve the objective of consolidating the financial system and strengthening Panama's economy by aligning it with local, national, regional and global goals in sustainable development in a manner compatible with business objectives and the best industry practices.

Source: Panama Stock Exchange (September 25, 2018).

Sustainable Stock Exchanges initiative celebrates sixth Global Dialogue



Sixth Global Dialogue held in Geneva, Switzerland (Source: Sustainable Stock Exchanges Initiative).

The United Nations Sustainable Stock Exchanges initiative hosted the SSE Global Dialogue in Geneva, as part of the UNCTAD World Investment Forum. The Global Dialogue is the SSE's flagship biennial global gathering, bringing together market leaders to deliberate on current challenges, exchange views on best practices and set the direction of travel for stock exchanges committed to promoting sustainable finance.

"Since its launch in 2009, the SSE was built on the demand from exchanges for a place to come together with investors, companies, regulators and policymakers to share good practices and challenges in a multi-stakeholder environment," said James Zhan, UNCTAD Director of Enterprise and Investment and Chairman of the SSE Board. "We must use every tool at our disposal with the aim of building a world where market signals align with sustainable development objectives."

This year the Global Dialogue welcomed 50 participants from 25 countries, and included chief executives of 18 stock exchanges (including the Panama Stock Exchange), heads of securities regulators, the heads of industry representatives for both stock exchanges and securities regulators, United Nations delegates, Civil Society and representatives from the private sector.

The dialogue covered four key topics: Securities regulators and sustainable development; market disclosure; Sustainable financial products; and market education.

"We need to build on the great progress achieved over the past 10 years to deliver and measure real world impact. We have one more decade left to align our economies with a low carbon pathway and to achieve the Sustainable Development Goals," said Eric Usher, Head of UNEP FI, in his closing statements at the dialogue.

Source: Sustainable Stock Exchanges Initiative (October 23, 2018).

Legal Disclaimer: This document, as well as the data contained, has been produced by Latinex Holdings, Inc. ("LXH") with the purpose of providing the general public with general relevant, timely information at the moment of publishing and is subject to change without previous warning. LTX doesn't commit to communicate any changes or to update this document.

Neither this document nor its content constitute an offer, invitation or purchase recommendation, subscription of stock or any other instrument, realization or cancellation of investments, nor can it serve as base for any contract, commitment or decision whatsoever.