ARIFA
CORPORATE SERVICES

"Procedure for the registration of authorized foreign custodians of bearer shares with the Superintendence of Banks of Panama"

On August 06, 2013, "**Law 47**" that adopts a custody regime applicable to bearer shares was approved, establishing that holders issued in bearer form should appoint an authorized custodian in order to maintain under custody the share certificates according to the provisions thereof. On April 23, 2015, "**Law 18**" was approved, amending articles of Law 47 and establishing that, by December 31, 2015, bearer certificates should be replaced by registered shares or delivered in custody.

There are two kinds of custodians, authorized local custodians and authorized foreign custodians. ARIFA is already authorized to act as authorized local custodian.

In general, banks, trust companies and financial brokers that are licensed to carry out its activities established in jurisdictions member of the International Financial Action Task Force on Money Laundering or its associate members who are registered with the Superintendence of Banks of Panama, can act as authorized foreign custodians.

Duties of the authorized foreign custodian shall be the following:

1. To maintain all the documents related to the provision of the custody service at the physical address provided to the resident agent of the issuing company at the time of notifying his/her condition as custodian, as provided for by law. The registries related to the provision of the custody service should be kept for a period of five years, upon conclusion of the provision thereof.
2. To maintain physical custody of the bearer share certificates for as long as his/her duty as authorized custodian lasts in the physical address provided to the resident agent of the issuing company at the time of notifying his/her condition as custodian.
3. To maintain the information received under strict confidence.
4. To provide the resident agent of the issuing company, together with the notice of his/her appointment, the complete name, nationality or country of incorporation, valid identity card number or passport number or incorporation data, physical address, telephone number and e-mail address or fax number of the owners of the bearer shares certificates kept in custody. Compliance with this obligation according to the provisions set forth in article 11 of Law 47 of 2013 shall be excepted, allocating the bond of twenty five thousand dollars ($25,000.00) provided therein.
5. To issue certifications where the identity of the owner of the bearer shares is indicated, when required through a judicial order, by the owner or the pledgee thereof.

Requirements to apply for the accreditation to act as authorized foreign custodian:

1. To provide general information on the organization name, physical address, telephone number and e-mail address or fax number.
2. Certificate issued by the Supervisory entity certifying that it is under its supervision, including name, physical address, telephone number and e-mail address or fax number of this entity.
3. Evidence of appointment of a notice agent, including complete name, physical address, telephone number and e-mail address or fax number.
4. Affidavit by means of which the following is established:

a. That they take measures in order to know the client in terms not inferior to those required by Law 2 of 2011, which regulates the measures to know the client for resident agents of existing legal entities according to the laws of the Republic of Panama.
b. That they undertake to provide the resident agent of the issuing company with the complete name, nationality or incorporation country, valid identity card number or passport number or incorporation data, physical address, telephone number and e-mail address or fax number of the owners of the bearer shares, whose certificates they shall maintain under custody, unless the custodian invokes the exception set forth in article 11 of Law 47 of 2013, consigning the bond stipulated therein.

5. To have the suitable facilities, systems and safety and compliance procedures to maintain the physical integrity of the documents under custody.
6. To have the qualified operating personnel for the duties inherent to the custodian activity.
7. To guarantee the segregation of duties of the operating personnel so that no collaborator of the entity has absolute control on the custody processes.
8. To guarantee that its custody system allows the effective identification of the ownership of the bearer shares under custody, as well as any other information related to the holder of the bearer shares.
9. To have due diligence procedures and policies with respect to the identification of the effective holder of the bearer shares.
10. Outline of operations to be utilized by the entity to offer the custody service.
11. Description of safety, control and compliance procedures with respect to the custody, duly approved by the corresponding instances.
12. Description of the information registration and storage systems.
13. Any other document, information or requirement deemed appropriate by the Superintendent of Banks for the corresponding application analysis.

Applying entities should pay for the issue, research and analysis expenses incurred in by the Superintendence when assessing the required documents to render the bearer shares custody services:

1. Application for the authorization of authorized foreign custodian, the amount of five thousand dollars ($5,000.00).
2. Application for the certification of authorized foreign custodian, the amount of two hundred and fifty dollars ($250.00).

ARIFA may assist you throughout the entire process, from the drafting of the documents to the presentation and follow-up before the Superintendence of Banks of Panama. Our legal fees for this service amount to five thousand dollars ($5,000.00). In addition, if you need ARIFA to render the notice agent services, referred to in requirement number 3, our fees shall amount to one thousand dollars ($1,000.00) per year.

Please note that all documents issued abroad should come duly legalized and translated into Spanish should they have been issued in another language.