ANNEX III

FINANCIAL SERVICES
(NON-CONFORMING MEASURES)
SECTION A
PANAMA
**Section A**

<table>
<thead>
<tr>
<th>Sector:</th>
<th>Banking Services and other financial services (excluding insurance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description:</td>
<td>The Branches of Foreign Banks shall designate at least two (2) general proxies, being both natural persons with residence in Panama, and at least one of them shall be a Panamanian citizen.</td>
</tr>
<tr>
<td>Type of: Reservation</td>
<td>National Treatment</td>
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<tr>
<td>Measures:</td>
<td>Article 37 of Decree-Law No. 9 of February 26, 1998, by means of which the banking system is reformed and the Banking Supervisory Board is created. Published in the Official Gazette No. 23,499 of March 12, 1998.</td>
</tr>
</tbody>
</table>
Sector: Banking Services and other financial services (excluding insurance)

Type of: Senior Management and Board of Directors

Reservation

Measures: Article 10 of Law No. 52 of December 13, 2000, by means of which the Caja de Ahorros (National Savings Bank) is reorganized. Published in the Official Gazette No. 24,201 of December 15, 2000.

Description: The General Manager, Assistant General Manager and Director or Deputy Director of the Board of Directors of the Caja de Ahorros must be Panamanian nationals by birth or naturalized citizens who have resided in Panama for at least ten years.
Sector: Insurance companies
Administrators of insurance enterprises
Insurance brokers or adjustors

Type of : National Treatment
Reservation Cross-border Trade in Financial Services
Senior Management and Board of Directors

Measures: Articles 26, 90, 105 and 108 of Law No. 59 of July 29, 1996, “by means of which the Insuring Organizations, Administrators of Insurance Enterprises and Brokers or Adjustors; and the Profession of Insurance Broker or Producer are regulated”. Published in the Official Gazette No. 23,092 of August 1, 1996.

Articles 1 and 7 of Executive Decree No. 12 of April 7, 1998, “by means of which the requirements for acting as an Administrator of Insurance Broker, Insurance Adjustor and Damage Inspector are regulated”.

Description: Entities, enterprises and persons domiciled in the Republic of Panama shall insure all property and persons located in Panama with insurance companies authorized to operate in Panama. The Insurance and Reinsurance Supervisory Board having verified that such insurance policies can not be obtained form insurance carriers authorized to operate in Panama, may grant authorization to obtain them abroad and, to that effect, shall complete the pertinent registers.

The entities, enterprises or person referred in the previous paragraph shall register any granted authorizations with the Insurance and Reinsurance Supervisory Board.

To obtain the license of insurance broker, it is required to be a Panamanian residing in the Republic of Panama or to comply with the requirements to run a retail business as indicated in Page I-PA-1.
Only juridical persons whose legal representative and shareholders possess insurance broker’s license in Panama may apply for the Insurance Broker’s License-Juridical Person.

Only natural persons with insurance broker’s license may form companies to provide insurance brokerage services.

The owners of shares of the juridical persons with insurance broker’s license should be insurance brokers, except for the case of natural persons that receive such shares by hereditary succession.
Sector: Insurance

Type of: Cross-Border Trade
Reservation

Articles 20 and 26 of Law No. 59 of July 29, 1996.
Article 111 of Law 56 of December 27, 1995.

Description: Only insurance companies and banks registered to operate in the Republic of Panama with economic solvency recognized by the Superintendencia de Seguros y Reaseguros and the Superintendencia de Bancos may provide surety bonds or banking guarantees respectively for government procurement.
Sector: Reinsurance or underwriters entities
               Administrators of reinsurance
               Reinsurance brokers

Type of: National Treatment
Reservation

Measures: Article 10 of Law No. 63 of September 19, 1996, published in the Official Gazette No. 23,129 of September 24, 1996, by means of which the operations of reinsurance and those of companies dedicated to this activity are regulated.

Description: Companies authorized to engage in the reinsurance business must designate at least two general proxies; being both natural persons with residence in Panama, and at least one of them shall be a Panamanian citizen.