

Law 129 of 2020

Registry of Final Beneficiaries of Legal Entities

Once again Panama is taking a step forward in its fight against money laundering, the financing of terrorism and the proliferation of weapons. On this occasion, by means of Law 129 of March 17, 2020, the Private and Centralized Registry System for Final Beneficiaries of Legal Entities has been implemented. Said technological platform will be managed by the Superintendence of Non-Financial Subjects.

All lawyers or law firms that provide resident agent services are required to register in the system and keep such registry updated, for the purpose of storing and protecting the information of the final beneficiaries of the legal entities that make up their portfolio. Once the platform is enabled and implemented, the resident agents will have a period of six (6) months to complete the corresponding registry for all the legal entities represented by them, which were constituted before the enactment of this law.

The registration must be made before the Superintendence of Non-Financial Subjects, which will be the responsible party for storing and safeguarding the information kept by the system, guaranteeing its confidentiality, integrity and security. As previously mentioned, the system will be private and with limited access, having the appropriate security and technological protection controls that will ensure the integrity, confidentiality, and traceability of the data stored.

Each registered resident agent will be assigned a Single Registration Code (CUR, for its Spanish acronym), which will provide access to the Centralized System of final beneficiaries. Additionally, it will allow them to update and verify all the information required by law, concerning the legal entities they provide resident agent services.

The official or officials designated by the Superintendent, having the obligation and duty to keep confidentiality, can access the Centralized System for the exclusive purpose of providing the information available within the system to the competent authority that has request it. In accordance to Law 129 of 2020, the competent authorities are the Financial Analysis Unit (UAF, for its Spanish acronym); the Public Ministry; and the Ministry of Economy and Finance of the Republic of Panama; and any other institution or dependency of the National Government to which competence is granted.

Law 129 of 2020 also provides that resident agents are liable for the obligation to keep updated the information of the final beneficiaries of all legal entities they provide resident agent services. Nonetheless, they will not be responsible for the veracity or accuracy of the information provided by their client or third party.

If wrongful and/or false information has been provided by the legal entity or its final beneficiaries, they will be held liable notwithstanding the corresponding civil or criminal sanctions.

Any legal entity that does not fulfill its obligation to be registered in the Centralized System or have its information updated by its resident agent, will be suspended for a two (2) years period, resulting in the prohibition to carry out any corporate procedures. If the reactivation of the entity has not been requested within the suspension period, the entity will be considered as dissolved.

This new law highlights the great importance of due diligence compliance standards and the ability of law firms to meet with new obligations. At DENFAB we work hard to keep ourselves trained and updated on these matters, making use of the technological tools necessary to ensure professionalism and regulatory compliance, always providing the best service to our clients.