

# Updates on Investment Account Rules at Securities Brokerage Firms in Panama

The Superintendency of Capital Markets of the Republic of Panama has introduced significant updates to rules regulating investment accounts with simplified processing. These new provisions aim to facilitate the investment process and make it more accessible to many investors.

Investment accounts with simplified processing are designed to streamline the processes associated with investing in the securities market. To be considered within this category, the following requirements must be met:

- A natural person must open the account.
- It must be opened as an individual account.
- Only one investment accounts with simplified processing per natural person may be opened in Panama.
- The natural person must meet a low-risk classification.
- Their opening balance and assets under management must not exceed the sum of B/. 250,000.00 under any circumstances.

Among the most relevant developments presented by the Superintendency of Securities Markets, we can observe the following:

## 1. Client Identification Parameters.

The new rules remove administrative obstacles by simplifying the documentary requirements for opening investment accounts to reduce documentation's complexity, making the process faster and more accessible, without compromising the basic components of a complete due diligence. In this sense, securities brokerage firms must keep detailed records of the information and documentation applied for due diligence in identifying and verifying the identity of the natural person opening the account.

## 2. Focus on Transparency and Protection.

Applying the simplified investment account mode requires securities brokerage firms to develop procedures to monitor, evaluate, and control inherent risks. This approach is intended to prevent any misuse of the account, ensure its operation under established conditions, and take additional relevant measures to keep the product in line with the standards of a low-risk account.



## 3. Prohibitions.

The use of the accounts with simplified processing will be subject to certain restrictions; therefore, it is prohibited for a person to open more than one account with simplified processing in the Republic of Panama. Additionally, under no circumstances may the account exceed the amount of B/.250,000.00. The new provisions establish that the investment accounts with simplified processing may not be subject to leverage, and transfers to third parties are prohibited. In case of non-compliance with the requirements contemplated in the agreement, the Superintendency of Capital Markets will apply the established sanctions.

The recent updates to the rules for investment accounts with simplified procedure mark a significant step towards democratization and accessibility in Panama's financial market. These measures, which simplify procedures and documentation and have a clear focus on risk management and investor protection, seek to encourage broader and safer participation in the capital market. In this new scenario, these measures are expected to contribute to the strengthening and sustainable development of the financial landscape in the Republic of Panama.