

# Panama Promotes Internationalization with New Secondary Market Registration Exemption

On November 7, 2024, the Board of Directors of the Superintendency of the Securities Market (the “SMV”) adopted Agreement No. 7-2024 (the “Agreement”), by way of which it eliminates the registration requirement for the secondary market of certain securities and/or financial instruments. This measure enhances Panama’s competitiveness and facilitates integration with international markets, aligning Panama with global practices in securities trading.

The Agreement establishes that securities issued under Rule 144A and Regulation S of the U.S. Securities Act of 1933 are exempt from the SMV registration requirement for their listing and trading on the secondary market through stock exchanges authorized to operate in Panama. These securities are governed by the laws of the United States of America, a jurisdiction recognized by the SMV. Additionally, the Agreement allows for the possible inclusion of securities and/or financial instruments issued in other jurisdictions recognized by the SMV, further expanding investment options, strengthening the local market, and fostering new opportunities in the international market.

Stock exchanges and central securities depositories authorized to operate in Panama will establish their own rules regarding listing, trading, custody, and settlement of these securities and/or financial instruments, subject to SMV approval and in accordance with the provisions of the Agreement and the Securities Law. They may also receive information in other languages, facilitating access for investors from various parts of the world. These stock exchanges and central securities depositories must define a disclosure regime that ensures transparency in offering these securities and/or financial instruments exempt from registration. To this end, offering documents must include a clear disclaimer stating that these securities and/or financial instruments are not registered with the



SMV, are not subject to its supervision, and do not benefit from the tax benefits granted to registered issuers. Additionally, the exchanges must submit a copy of these documents to the SMV.

This Agreement, effective upon its publication in the Official Gazette, modernizes Panama’s securities market and reinforces its appeal as an investment destination. The measure seeks to boost secondary market liquidity and improve the efficiency of international securities trading through stock exchanges in Panama. However, investors must be more diligent in assessing risks, as they will not have the regulatory support of the SMV. Moreover, implementing this registration exemption will require market participants to adopt best practices in information disclosure and risk management.

With this measure, Panama reaffirms its position as a dynamic financial center open to international securities trading, strengthening its integration with the global financial system and consolidating its role as an attractive destination for foreign investment.