

Annex III

SCHEDULE OF PANAMA

EXPLANATORY NOTES

1. The Schedule of Panama to Annex III sets out, pursuant to Article 11.9 (Non-Conforming Measures), a schedule of the existing measures of Panama that do not conform to some or all of the obligations imposed by:

- (a) Article 11.2 (National Treatment);
- (b) Article 11.3 (Most-Favored-Nation Treatment);
- (c) Article 11.4 (Market Access for Financial Institutions);
- (d) Article 11.5 (Cross-Border Trade); or
- (e) Article 11.8 (Senior Management and Boards of Directors).

2. Each entry in the schedule of non-conforming measures described in paragraph 1 sets out the following elements:

- (a) **Sector** refers to the general sector for which the entry is made;
- (b) **Subsector** refers to the specific sector for which the entry is made;
- (c) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Article 11.9 (Non-Conforming Measures), shall not apply to the listed measure(s);
- (d) **Measures** identifies the laws, regulations, or other measures for which the entry is made. A measure cited in the **Measures** element:
 - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement, and
 - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (e) **Description** provides a general, nonbinding description of the Measures.

3. In the interpretation of an entry in the schedule described in paragraph 1, all elements of the non-conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of Chapter 11 (Financial Services) with respect to which the non-conforming measure is taken. To the extent that:

- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, if any, or a Specific Commitment from an Annex to

Chapter 11, the **Measures** element as so qualified shall prevail over all other elements; and

- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.

4. Where Panama maintains a measure that requires that a service supplier be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Article 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), 11.4 (Market Access for Financial Institutions), or 11.5 (Cross-Border Trade) shall operate as a non-conforming measure with respect to Articles 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), and 9.9 (Performance Requirements) to the extent of that measure.

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| 1. Sector: | Financial Services |
| Sub-sector: | Banking Services and other financial services (excluding insurance) |
| Obligations Concerned: | National Treatment (Article 11.2) |
| Level of Government: | Central |
| Measures: | Article 53 of Executive Decree No. 52 of April 30, 2008 |
| Description: | Panamanian branches of foreign banks must designate at least two general proxies, both of whom must be individuals who are residents of Panama. One of the two proxies must also be a Panamanian national. |

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| 2. Sector: | Financial Services |
| Sub-sector: | Insurance companies Administrators of insurance enterprises Insurance brokers or agents |
| Obligations Concerned: | National Treatment (Article 11.2) Cross-Border Trade (Article 11.5) Senior Management and Board of Directors (Article 11.8) |
| Level of Government: | Central |
| Measures: | Article 56, 58, 153, 166, 177, 181 of Law 12 of 2012 |
| Description: | <p>Persons domiciled in the Republic of Panama must insure all property and persons located in Panama with insurance companies that are authorized to operate in Panama. The Superintendence of Insurance and Reinsurance, having verified that such insurance policies cannot be obtained from insurance carriers authorized to operate in Panama, may grant authorization to obtain them abroad and will record this authorization in the pertinent register.</p> <p>Panama agrees that, on entry into force of this Agreement, nationals and enterprises of the Korea may supply financial services described in Annex 11-A (Cross-Border Trade). For greater certainty, paragraph 1(c) of that Annex applies only with respect to the services indicated in paragraph 1(a) and (b) of the Annex that are supplied outside the territory of Panama.</p> <p>Only an individual described in the entry at I-PA-1 in Panama's Schedule to Annex I may be licensed as an insurance broker or agent in Panama.</p> <p>The legal representative of such an enterprise must be a Panamanian national licensed as an insurance broker in Panama.</p> |

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| 3. Sector: | Financial Services |
| Sub-sector: | Reinsurance or Underwriting Entities Administrators of Reinsurance Reinsurance Brokers |
| Obligations Concerned: | National Treatment (Article 11.2) Senior Management and Boards of Directors (Article 11.8) |
| Level of Government: | Central |
| Measures: | Article 10 of Law No. 63 of September 19, 1996 |
| Description: | Companies authorized to engage in the reinsurance business must designate at least two general proxies, both of whom must be individuals who are residents of Panama. One of the two proxies must also be a national of Panama. |

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| 4. Sector: | Financial Services |
| Sub-sector: | Insurance and Banking |
| Obligations Concerned: | Cross-Border Trade (Article 11.5) |
| Level of Government: | Central |
| Measures: | Article 4 of Decree 90-LEG of April 9, 2002 Article 111 of Law 56 of December 27, 1995 |
| Description: | Only insurance companies and banks established in Panama that are in good standing with the Superintendence of Insurance or the Superintendence of Banks, as the case may be, may provide surety bonds or banking guarantees, respectively, that are associated with government procurement bids or contracts. |