

## Amendments to Panama Law regarding bearer shares

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The main amendments to the Law number 47 of August 6, 2013 (Law 47) by the Law number 18 of April 23, 2015 (Law 18) are detailed below.

Law 18 specifically deals with the custody regime applicable to bearer shares.

1. Law 47 along with the amendments of Law 18, establish the custody regime applicable to bearer shares issued prior or after the date of enactment of Law 47 requiring that such bearer shares shall be delivered to an authorized custodian with an affidavit declaring under oath the information of the shareholder.
2. With Law 18 the entry into force of Law 47 was accelerated since the effective date is May 4, 2015. The delivery of any certificate of bearer shares to the authorized custodian, subsequent to May 4, 2015, shall be required within the following three months, i.e., August 4, 2015. As of August 4, 2015, all certificates of bearer shares shall have a duly authorized and supervised custodian. To do so, the holder of the certificates of bearer shares, shall appoint the custodian within twenty (20) calendar days following the date of issuance of such certificates.
3. For bearer shares issued before May 4, 2015, a transition period is stipulated until December 31, 2015, in order to appoint an authorized custodian of such bearer shares.
4. For certificates of bearer shares issued prior to May 4, 2015 and afterwards, the board of directors of the company or the general assembly of shareholders must authorize that the company avails the regime of custody and such authorization must be registered in the Public Registry of Panamá.
5. After December 31, 2015, articles of incorporation of Panamanian corporations will be deemed amended by rule of law, prohibiting the issuance of bearer shares, except for the cases mentioned above.
6. The transfer of shares is perfected once:
  - The certificated of bearer shares is delivered;
  - The affidavit required by the custody is delivered; and
  - The authorization of the board of directors or the general assembly of shareholders approving the regime of custody by the company is duly registered in the Public Registry of Panamá.
7. Those who have not delivered, within the timeframe established in the law, the certificates of bearer shares to the authorized custodian within the period mentioned by the law cannot exercise the economic and political rights inherent to the shares, without prejudice of any legal actions that shareholders can exercise in good faith for the damages caused.

You can [view](#) the gazette number 27766-B, Law 18.

For additional information, you may contact

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