

Capital Markets/Derivatives - Panama

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National Securities Commission issues administrative opinion on forex activities

Opinion No.5-2007 issued by the National Securities Commission

By means of Opinion No.5-2007 of 23 May 2007, the National Securities Commission has issued its administrative position in connection with the activities of a company exclusively engaged in the purchase and sale of currency in the international markets, with or without financing schemes, and whether or not such company requires a license under the Securities Law and regulations.

The position expressed by the petitioner indicated that under the definition of "security" stated in the Securities Law, the purchase and sale of foreign currency is not included in such definition, and therefore, forex activities are not regulated by the National Securities Commission.

The commission indicated that it had previously issued an opinion in 2004 confirming that in general terms, this activity is not subject to the securities regulations and that thus no requirement of a license applies. Nonetheless, the purchase of derivative instruments such as options and futures contracts on foreign currency does imply the intermediation of financial instruments, activity that requires the obtainment of a Broker-Dealer license, if these services are rendered in or within the Republic of Panama

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