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PANAMA

Francisco Arias, Roberto Vidal, Mónica Moreno & Katia Pallares
Morgan & Morgan

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1. What are the main structures for mergers and acquisitions (M&A) transactions available under local law, and what are their key distinctions?

In Panama, the M&A market tends to focus on either share acquisitions or asset acquisitions. The distinction is usually driven by how the parties want to allocate historical risk, how difficult it will be to transfer the business operations (contracts, permits, employees), and the level of transactional "friction" the parties are willing to manage; particularly around third-party consents, transfer formalities, and tax and implementation costs.

A share acquisition is generally the most straightforward way to acquire an operating business, because the buyer acquires the shares of the target and, as a result, controls the same legal entity that already holds the business, its contracts, licenses, employees, and relationships. That operational continuity is attractive, particularly in businesses with many contracts or regulated touchpoints. The trade-off is that the buyer is stepping into the company's "history" as well: the entity remains the same, so the buyer inherits liabilities and contingencies — both disclosed and undisclosed — unless they are effectively ring-fenced through diligence and the negotiated contractual protections (representations and warranties, specific indemnities, escrows/holdbacks, limitations periods, and similar tools).

By contrast, an asset acquisition is typically chosen when the buyer wants tighter control over what it is acquiring and, crucially, wants to reduce the risk of inheriting historical contingencies and liabilities embedded in the selling entity. In an asset acquisition, the parties define the scope of the transaction with greater precision: assets to be transferred, contracts to be assigned, permits to be reissued or consented to, and employees to be transitioned, so the structure can be very effective for risk management. However, this structure often comes with heavier execution work: the need for third-party consents, the potential repapering of key contracts, and more formalities depending on the nature of the assets.

In addition, from a cost and tax standpoint, asset deals are frequently more expensive to implement, because taxes, transfer costs, registrations and related steps can be triggered at the level of individual assets rather than through a single share transfer- one of the reasons why the tax consequences must be analyzed carefully in both alternatives (equity vs. asset) early in the process.

As for mergers, while Panamanian law provides for statutory mergers and they are used in practice, a "direct merger" is not the most typical front-end structure for third-party acquisitions in the local market. More commonly, mergers are used once control has already been acquired, as a post-closing tool to consolidate corporate structures, integrate operations under a single entity, and reduce duplicative corporate and administrative burdens, rather than as the principal acquisition method at signing and closing.

2. How would you describe the current M&A market in Panama?

The Panamanian M&A market remains active and execution-driven, shaped by strategic acquisitions and consolidation in sectors where scale, distribution reach, and regulatory positioning are differentiators. In practice, transactions that are being completed tend to involve businesses with established operating platforms

(commercial footprint, permits/licenses where relevant, and embedded customer relationships), and deal dynamics are increasingly influenced by closing mechanics, particularly regulatory approvals and third-party consents, as well as post-closing integration considerations that need to be mapped early to protect the deal economics.

Activity has been particularly visible in financial services, where consolidation and portfolio transfers remain a recurring theme and the critical path is often defined by regulatory sequencing. Recent examples include Davivienda's closing of the transaction to integrate Scotiabank's banking operations in Panama (as part of the broader integration), which formally completed in December 2025. In parallel, Banistmo has also been at the center of market attention, with its announced sale to Inversiones Cuscatlán (subject to the corresponding approvals), illustrating how strategic repositioning and consolidation continue to drive deal activity in the banking space.

Automotive is another area with sustained momentum, largely fueled by international strategic players acquiring distribution and retail platforms, reflecting a bet on Panama's consumer market and its role as a regional hub. Sojitz's acquisitions of Petroautos (Hyundai dealer) and Grupo Silaba (Kia and Mazda dealer) illustrate how global groups are pursuing established local operators rather than building from scratch, and similar dynamics have been discussed in relation to other distributor platforms.

In energy, the market remains attractive, particularly around renewables and infrastructure-linked opportunities. Beyond transactions involving operating assets, the forward-looking deal pipeline is being shaped by the Government Tender Program 2025–2029, which sets out upcoming competitive procurement processes aimed at ensuring supply while accelerating the transition to a cleaner matrix. The announced roadmap includes tenders for new renewable plants, procurement related to existing plants and reconversion of thermal facilities to less polluting technologies, wind and photovoltaic projects, and new renewable generation paired with storage systems, all of which provide clearer visibility on where investment and M&A interest is likely to concentrate.

Retail, particularly consumer-facing businesses, continues to generate deal activity. A clear example is the 2024 transaction involving the sale of the KFC and Dairy Queen operations/assets in Panama by Franquicias Panameñas to Platinum Brands, which reflects continued appetite for scaled franchise platforms with established footprint and operational capabilities.

Insurance (particularly brokerage) remains active, but in 2023–2025 the momentum has been driven less by headline acquisitions of insurers and more by concentration, portfolio growth and distribution activity. In 2024, the top three groups account for over half of the market, with ASSA leading, followed by Internacional de Seguros and MAPFRE, the latter showing one of the strongest recent growth rates.

3. What major trends have you seen in the past 12–24 months?

Over the past 12–24 months, the most consistent theme in Panama has been the continued presence of foreign investors across sectors, with Panama remaining

attractive as a regional hub. Investors are still drawn by the combination of institutional and commercial predictability, including a generally stable legal and economic environment, and Panama's ability to offer special regimes that can materially optimize operating models (tax, labor, and immigration). In practice, these regimes are often part of the investment thesis: they help explain why international groups continue choosing Panama as a base for headquarters functions, shared services, logistics, and regional commercial operations, and why cross-border buyers are comfortable acquiring established platforms rather than building from scratch.

At the same time, real estate remains relevant as both an asset class and a deal driver, particularly where acquisitions are linked to an underlying development strategy (commercial, residential, mixed-use, hospitality, or logistics-linked). We continue to see transactions where the acquisition of land or real estate holding vehicles is not "passive" investment, but rather the first step in a broader project: meaning the legal work tends to be heavily focused on title, permitting, zoning/land use, environmental and municipal requirements and approvals.

Finally, Panama's M&A market is increasingly shaped by consolidation dynamics, where scale has become a tool to manage operating and compliance demands that intensified post-pandemic. This is particularly evident in regulated sectors such as banking (where supervision and compliance are high fixed-cost items) and in contract-heavy industries like automotive distribution. As consolidation becomes more common, the market has also moved toward more tailored risk allocation, with greater emphasis on diligence depth and deal protections calibrated to regulatory timing, third-party consents, and integration complexity.

4. What are your predictions for the M&A market in the next 12–24 months?

Over the next 12–24 months, we expect Panama's M&A market to remain constructive and increasingly opportunity-driven, supported by the country's medium-term growth outlook and the expectation of sustained public investment.

A key catalyst is the public infrastructure pipeline, which should have a multiplier effect across the economy. Major projects such as the Panama–David train, Metro Line 3, the Caribbean–Pacific gas pipeline initiative, and the Río Indio Lake Project are not only large in size but also broad in spillover: they tend to mobilize capital, crowd in private investment, and create demand across construction, engineering, logistics, materials, energy, and services. In practical terms, these projects typically trigger corporate activity well beyond the project companies themselves, including acquisitions of contractors and specialized service providers, joint ventures with international players, and consolidations among suppliers seeking the scale required to bid, perform, and finance larger contracts.

Overall, this environment should continue to keep Panama attractive for cross-border buyers seeking established operating platforms, particularly in infrastructure-adjacent sectors. The infrastructure agenda should reinforce investor confidence and provide clearer visibility on medium-term growth drivers, supporting a steady deal pipeline over the next 12–24 months.

5. What are the key laws and regulations governing M&A?

In Panama, M&A transactions are primarily governed by general corporate and commercial law, rather than by a single consolidated "M&A code." The core legal framework is Law 32 of 1927 (Corporations Law) and the Commercial Code, together with general contract principles and the registration and filing mechanics before the Public Registry, which are often decisive for enforceability and third-party effects. The specific requirements that apply will depend on the deal structure (share deal, asset deal, merger) and on the nature of the target's business and assets.

Where the target operates in a regulated industry, the transaction timeline and structure are often driven by sector-specific regimes and supervisory oversight, including but not limited to:

- Decree Law No. 9 of 1998 (Banking Law), as amended, and the Superintendency of Banks, which can require prior authorization or no-objection for mergers and certain changes of control;
- the Securities Market Law (Unified Text of Decree Law No. 1 of 1999, as amended) and the Superintendency of Securities Market, particularly where registered issuers, licensed intermediaries, public offers, or takeover/tender offer rules are implicated; and
- Law No. 12 of 2012 (Insurance Law) and the Superintendency of Insurance and Reinsurance, which may require regulatory approvals in connection with mergers, transfers of control, or other regulated events when an insurance regulated entity is involved.

From a competition standpoint, Law No. 45 of 2007, enforced by the Authority for the Protection of the Consumer and Competition Defense (ACODECO), governs antitrust matters and can trigger review or notification requirements for certain economic concentrations depending on the nature of the transaction and the applicable thresholds.

6. What forms of consideration are commonly used? Are there restrictions on non-cash consideration?

Consideration in M&A transactions is typically structured as cash, in-kind, or a combination of both. Cash remains the most common form, particularly in straightforward acquisitions, while in-kind consideration is also seen in practice, most often in corporate reorganizations, share swaps, or other structures where the parties are aligning long-term interests rather than simply exchanging value at closing.

From a legal perspective, there are generally no special restrictions on using non-cash consideration in private M&A, provided that the consideration is lawful, clearly described, and properly valued and documented in the transaction instruments and the corporate approvals supporting them. In practice, where in-kind consideration is used, parties typically pay closer attention to valuation mechanics, transfer formalities, and tax implications, as these can be more nuanced than a pure cash payment.

Panama's use of the USD as legal tender adds practical flexibility for cash payments, since transaction proceeds are often paid in USD without the currency conversion complexity that can arise in other jurisdictions.

7. What is the typical scope and focus of due diligence?

The scope of due diligence in M&A transactions is generally risk-driven and tailored to the nature of the target's business, but legal due diligence typically covers the core areas that would affect value, transferability, and post-closing exposure. On the legal side, the review usually starts with corporate and governance (existence, good standing, share capital, board and shareholder approvals, material corporate actions, and authority), and then expands to the target's material contracts (including change-of-control clauses, assignment restrictions, termination rights, exclusivity, pricing and key counterparties), as these often drive both deal structure and the consents/conditions required to close, but also review on tax, litigation, intellectual property, permits, compliance, environmental and labor matters are essential part for the scope of a full due diligence process.

Depending on the sector, regulatory and compliance can become the central workstream, particularly in regulated industries where the focus shifts to licensing status, supervisory approvals, and compliance.

Where the target operates through brands, technology, or differentiated know-how, diligence typically includes intellectual property. For permit-dependent businesses, diligence generally extends to environmental permits, and transferability or renewal of key permits, compliance history, and any land use or zoning constraints.

In parallel, it is common for the buyer to retain a financial advisor to lead the financial due diligence.

8. How common are warranty and indemnity (W&I) insurance policies, and how do they affect negotiations of representations and warranties?

W&I insurance is available and has been used in certain cases in Panama, particularly in transactions involving foreign buyers who are already familiar with the product and want a more "international" risk-allocation package. That said, it is not yet common market practice across the broader local M&A landscape, and most deals continue to rely primarily on negotiated representations and warranties backed by escrows/holdbacks and traditional indemnity structures.

9. Distinct from antitrust and competition law requirements, are there restrictions or review mechanisms for foreign buyers acquiring domestic businesses or assets?

Panama does not have a general foreign investment screening regime that must be cleared simply because the buyer is foreign. Typically, foreign and local buyers can acquire Panamanian companies and assets under the same legal framework, subject to the usual deal-specific constraints (corporate approvals, consents, regulated-sector authorizations, etc.).

That said, there are a couple of foreign-buyer-specific restrictions that matter in practice. First, retail trade is generally reserved for Panamanian nationals (with limited exceptions), so a foreign buyer acquiring a business that is, in substance, a "retail trade" operation needs to be structured carefully (or confirm an applicable

exception) to avoid running into statutory limitations on carrying out that activity. Second, Panama's Constitution restricts foreign ownership of real property located within 10 kilometers of the land borders.

Outside of those points, the "review mechanisms" a foreign buyer will encounter are typically sectoral rather than specific screening. In regulated industries (e.g., banking, insurance, certain energy, telecommunication), a change of control can require prior approvals from the relevant regulator, which is generally driven by licensing and prudential criteria, rather than the buyer's nationality. Separately, on the competition side, ACODECO is the authority that assesses issues from an antitrust perspective.

10. What are the major disclosure or announcement requirements for public M&A transactions?

In Panama, public M&A disclosure is mainly triggered when a party to the transaction is a registered issuer (or otherwise subject to ongoing reporting obligations in the securities market). In that case, the relevant issuer is required to disclose the transaction as a material event through the Superintendence of the Securities Market (SSM) channels.

Separately, where a transaction (typically, asset deals) involves the sale of a commercial establishment, the Commercial Code contemplates a public notice mechanism (including publication) designed to protect third-party creditors.

11. How are public takeovers regulated, and what are the main procedural requirements?

Public takeovers are regulated primarily through Panama's securities market framework, and the SSM's tender offer rules and practice. In practical terms, a public tender offer is documentation heavy and disclosure driven: the bidder must comply with the applicable filing and notice requirements before the SSM, publish and circulate the offer documentation in the prescribed form, and follow the standard tender offer timeline — including opening the offer period, receiving acceptances, completing settlement/payment, and making any required announcements throughout the process.

The central principle that drives public tender offer negotiations is equal treatment of shareholders. In a public tender offer context, deal protection tools are more constrained than in private deals because the bidder generally cannot agree side arrangements with selected shareholders that are not offered on the same terms to all shareholders. By contrast, in private M&A, competing bids and deal protections (such as exclusivity/no-shop provisions and break fees) are typically governed by contract, provided they are reasonable and clearly drafted.

As for minority outcomes, Panama does not have a straightforward statutory squeeze-out mechanism comparable to those available in some jurisdictions. As a result, any attempt to cash out minority shareholders through structuring, often involving merger or reorganization steps, must be assessed carefully in light of the company's constitutional documents and any shareholder agreement rights, as well as the corporate approval thresholds required.

12. How are M&A disputes commonly resolved? Are there preferred dispute resolution forums or governing laws?

For purely local deals, parties commonly choose Panamanian courts or local arbitration (especially where the parties want confidentiality and a more specialized forum). Panama has a modern arbitration statute for both domestic and international commercial arbitration, and arbitration is a familiar tool in corporate disputes.

Where a foreign party is involved, it is also very common to see the parties move toward a neutral governing law and forum, depending on leverage and deal context, often New York courts or international arbitration, particularly for larger cross-border transactions. In those structures, parties are typically thinking not only about neutrality but also about enforceability and predictability of relief, procedure, and remedies. Panama also recognizes enforcement pathways for foreign judgments (through *exequatur*), which supports the use of foreign courts in cross-border deals.

13. What role are emerging technologies playing in shaping upcoming M&A opportunities or challenges locally?

On the execution side, technology is already shaping "how deals get done" in Panama: virtual data rooms, smarter document management, AI-assisted reviews, and drafting support tools are increasingly used to accelerate diligence workstreams and keep negotiations moving — especially when deal teams are cross-border and timelines are tight. However, it is still very common to conduct due diligence without using smart document management or AI tools.

14. Are there any other significant corporate M&A considerations in Panama?

A few issues routinely become "transaction shapers" in Panama. First, regulatory approvals and licensing can be decisive in timing and structure in regulated sectors (banking/insurance/energy and similar), and the work often becomes less about signing and more about mapping a realistic approval path and sequencing the conditions precedent. Second, Panamanian deals remain formalities-sensitive: third-party consents, public registry mechanics (where assets or security interests require registration), and cross-border closing logistics (notarization/apostilles) can affect the critical path more than parties initially expect.

Finally, parties often need to pay close attention to closing mechanics and deliverables:

- corporate authorizations;
- signatory powers;
- notarization;
- legalization requirements;
- and any registrations needed to perfect security.

In practice, these items can be outcome determinative because they drive timing, determine what can close simultaneously, and shape the sequencing of conditions precedent.

AUTHOR BIOGRAPHIES

Francisco Arias

Francisco Arias is a Partner and leads the Mergers & Acquisitions, Real Estate, and Securities & Capital Markets practice areas at Morgan & Morgan. He is also actively involved in the Corporate & Commercial Law and Banking & Finance practices and co-leads the Insurance & Reinsurance group. He regularly advises clients on the sale and purchase of businesses, joint ventures, and complex corporate transactions. Throughout his career, he has participated in transactions across several industries, including banking and financial services, retail, electricity generation, insurance, construction, hospitality, agribusiness, and food and beverage, many involving cross-border elements. He has also advised on major residential and commercial real estate developments. Francisco has extensive experience in capital markets transactions, including public and private offerings, regulatory matters, and listings on the Panama Stock Exchange and offshore markets. He also played a key role in drafting Panama's legislation and regulation on real estate investment funds and advising on infrastructure projects.

Roberto Vidal

Roberto Vidal is a Partner and co-leads the Corporate & Commercial Law and M&A practice groups at Morgan & Morgan. With over 16 years of experience, he specializes in banking law, insurance law, project finance, mergers and acquisitions, capital markets, and regulatory matters. Roberto has participated in and led transactions across a wide range of industries and has advised both local and international clients in the fintech sector on regulatory and transactional matters related to the implementation of innovative financial products and platforms in Panama, including e-wallets, exchanges, payment services providers, and emerging digital asset structures. He also regularly advises on complex cross-border transactions and strategic investments. Prior to joining the firm, he worked as an International Associate at White & Case, LLP, in Miami, Florida, where he was part of the corporate law department handling mergers and acquisitions, project finance, and securities matters, among others.

Mónica Moreno

Mónica Moreno is a Senior Associate in the Banking & Finance, M&A, Securities & Capital Markets, Project Development & Public Procurement, and Corporate & Commercial Law practices at Morgan & Morgan. Prior to joining the firm, she specialized in structuring strategic investments and negotiating complex contracts throughout Latin America. She has represented major companies and financial institutions in multimillion dollar transactions, including financing the Penonomé wind farm, the acquisition and construction of the Ikakos solar park, the acquisition of Hospital Paitilla, international bond issuances under Rule 144A and Regulation S, and the financing of Line Two of the Panama Metro, its branch, and the new Hospital del Niño. Mónica has also advised on cross-border matters in the energy, infrastructure, and financial sectors in Panama and the Dominican Republic. She previously worked as a Senior Associate at leading law firms in Panama and served as General Counsel thereafter.

Katia Pallares

Katia Pallares is an Associate in the Corporate & Commercial Law, M&A, Environment, Social & Governance (ESG), and Securities & Capital Markets practice areas at Morgan & Morgan. She has participated in high-profile corporate transactions, including acquisition financing, bond and securities issuances, and mergers and acquisitions, developing expertise in both the legal and financial aspects of these operations. Her practice combines complex contract negotiation and drafting with a comprehensive understanding of capital markets and corporate regulation. She also advises clients on regulatory and compliance matters, including permits, licenses, authorizations, and registrations required for business operations and the execution of projects and transactions. Katia maintains a strong focus on ESG, supporting clients in developing corporate policies that promote positive social and environmental impact. She graduated *magna cum laude* in Law and Political Science from Universidad Católica Santa María La Antigua, Panama, and holds a Master of Laws and a Wharton Business and Law Certificate (University of Pennsylvania).