

# TRANSLATION

---

<sup>1</sup>Law 24  
(dated 22 May 2002).

**Whereby the service of providing information on consumer  
and customer credit records is regulated**

## THE LEGISLATIVE ASSEMBLY DECREES:

### Title I

#### General Provisions

#### Chapter I

##### Objectives and Scope of Application

**Article 1. Objectives.** This Law is intended to:

1. Protect and ensure that consumer and customer personal credit records that are or may be collected by a data information agency run by a natural person or legal entity duly authorized to engage in this business in accordance with this Law are trustworthy, truthful, current, and properly managed.
2. Regulate the activity of natural persons and public and private legal entities engaged in operating data information agencies, and the economic agents maintaining or handling data on consumer or customer credit records.

**Article 2. Scope of Application.** This Law shall be applicable to economic agents, natural persons and public and private legal entities engaged in any economic, financial, banking, commercial or industrial activity, and that maintain or handle data on consumer or customer credit records. It shall also be applicable to data information agencies, natural persons and public and private legal entities engaged in providing data storage, transmission and information services on consumers or customers credit records by any technological or manual means.

#### Chapter II

##### Definitions

**Article 3. Definitions.** The following terms are defined for the purposes of this Law:

1. *Data Information Agency.* A natural person or legal entity engaged in collecting, storing, maintaining, organizing, communicating, transferring or transmitting data on consumer or customer credit records using technical, automated or manual procedures.
2. *Economic agents.* Natural persons or legal entities providing goods or services, that record, provide and obtain information from any database or data bank.
3. *Databases or data banks.* Organized data regarding consumer or customer credit records, regardless of the form or manner of creation, storage, organization or access.
4. *Consumer.* Natural person or legal entity that acquires finished goods or services of any nature through an economic agent.

---

<sup>1</sup> Published in Official Gazette No. 24,559, dated 24 May 2002.

# TRANSLATION

---

5. *Customer.* Natural person or legal entity having an economic, financial, banking, commercial or industrial relationship with an economic agent maintaining or handling credit references or data.
6. *Data.* Information on consumer or customer credit records appearing in a database.
7. *Credit record.* Consumer or customer data, duly added to a database or data bank showing economic, mercantile, financial or banking transactions to be paid in installments.
8. *Data management.* Any operation or set of operations or automated or manual technical procedures, which allows the collection, storage, organization, preparation, selection, extraction, comparison, sharing, communication, transmission or cancellation of consumer or customer data within a database or data bank.

## Chapter III

### Principles

**Article 4.** Data quality. Credit record data that is provided by consumers or customers or by economic agents, handled by data information agencies, or are generated by economic, financial, commercial or industrial transactions must be an accurate and current reflection of the true and actual situation of a given consumer or customer.

**Article 5.** Data safety. Economic agents and credit record data information agencies must adopt the necessary technical measures and controls to avoid alterations, lost, or unauthorized access or manipulation of credit records that are handled or maintained within their respective databases or data banks.

**Article 6.** Confidentiality. All natural persons and public and private legal entities having access or any information related to credit records in accordance with this Law, must maintain the strict confidentiality of that information. Therefore, they must not reveal it to third parties other than competent authorities.

Public and private officials having access to information governed by this Law by virtue of their position, shall be obligated to maintain its strict confidentiality, even after they cease to work for these agencies.

## Chapter IV

### Powers

**Article 7.** Powers of the Ministry of Commerce and Industry. The Ministry of Commerce and Industry is responsible for issuing and cancelling resolutions authorizing natural persons and legal entities to engage in credit record data information agency activities and to maintain a record of these authorizations.

The Ministry is authorized to inspect and verify that data information agencies are complying with the requirements on security, reliability and currency of consumer and customer data, and any other requirement set forth by this Law.

The Ministry of Commerce and Industry may, within the scope of its powers, penalize those data information agencies violating the provisions set forth in this Law.

# TRANSLATION

---

**Article 8. Powers of the Free Competition and Consumer Affairs Commission.** The Free Competition and Consumer Affairs Commission (CLICAC) will take cognizance of and investigate consumer and customer complaints and will supervise and investigate the practices of economic agents and data information agencies, pursuant to the scope of application of this Law.

CLICAC is empowered to request the necessary information and to conduct inspections for the purpose of administrative investigations of all complaints filed.

CLICAC will submit a copy of all duly executed resolutions levied against data information agencies for violations to this Law in detriment of any individual consumer or customer, to the Ministry of Commerce and Industry on a monthly basis.

**Proviso.** It is understood that CLICAC will impose the appropriate sanctions on economic agents and data information agencies based on the complaints filed by consumers or customers. At the same time, the Ministry of Commerce and Industry will impose sanctions that result from its monitoring and inspection functions of those data information agencies under its purview.

**Article 9. Powers of the Courts.** Civil courts created by Law 29 of 1996 will take cognizance of the lawsuits filed against economic agents and/or data information agencies, as well as those claims filed for damages and losses. For the purposes of this Law, the time limit for appealing to the appropriate court of justice and requesting compensation for damages and losses is one year, commencing on the date the consumer or customer learned of the encumbrance.

**Article 10. Extension of the time limit for filing damages and losses.** The time limit for filing for damages and losses is extended when filing a formal claim with the CLICAC.

## Title II

### Requirements for Operating a Data Information Agency

#### Chapter I

##### Authorization and Registration for Providing the Service

**Article 11. Authorization.** Any natural persons or legal entity that wishes to run a credit record data information agency must apply for an authorization from the Ministry of Commerce and Industry to engage in this activity. This Ministry is empowered to conduct the investigation necessary to verify the information provided in the application.

**Article 12. Application to be filled out by Natural Persons.** The application to be filled out by natural persons must be submitted through a legal counsel on regular paper or on a form provided for that purpose. It must contain the following information:

1. Petitioner's full name, marital status, ID card number, and address.
2. Registered name of the credit record data information agency.
3. Exact address of the business establishment, phone numbers, P.O. Box, and e-mail, if any.
4. Tax Identification Number and check digit, if any.

**Article 13. Documentation to be attached to the Application submitted by Natural Persons.** This application must be submitted together with the following documentation:

# TRANSLATION

---

1. Certified check or cashier's check to be paid to the order of the Ministry of Commerce and Industry for the amount of the issuance fee.
2. Petitioner's police record.
3. Third party liability insurance policy in the amount of two hundred thousand balboas (B/.200,000.00), for the period of the activity.

**Proviso.** The police record must be requested and added by the Ministry of Commerce and Industry.

**Article 14.** Application to be filled out by Legal Entities. The application to be filled out by legal entities must be submitted through legal counsel on regular paper or on a form provided for that purpose. It must contain the following information:

1. Petitioner's registered name or corporate name.
2. Type of corporation or association.
3. Registration date in the Public Registry along with the respective volume, page and entry (microjacket, film and image or registration equivalents).
4. Names of directors, officers, legal representative and authorized agent, if any.
5. Petitioner's legal address.
6. Registered name of the credit record data information agency.
7. Exact address of the business establishment, phone numbers, P.O. Box, and e-mail, if any.
8. Tax Identification Number and check digit, if any

**Article 15.** Documentation to be attached to the Application submitted by Legal Entities. This application must be submitted together with the following documentation:

1. Copy of the public deed formalizing the articles or certificate of incorporation and amendments, if any, filed in the Public Registry.
2. Current certificate from the Public Registry verifying the data on the Legal Entity and the names of directors, officers, legal representative and authorized agent, if any.
3. Certified check or cashier's check to be paid to the order of the Ministry of Commerce and Industry for the amount of the issuance fee.
4. Certified copies of the ID cards of all directors, officers, legal representative and authorized agent, if any.
5. Police record of directors, officials, legal representative and general attorney in fact, if any.
6. Third party liability insurance policy in the amount of two hundred thousand balboas (B/.200,000.00), for the period of the activity.

**Proviso.** The police record must be requested and attached by the Ministry of Commerce and Industry.

# TRANSLATION

---

**Article 16. Domicile.** Natural persons and legal representatives of legal entities duly authorized to operate a credit record data information agency must be domiciled in the Republic of Panama.

**Article 17. Period for approving the authorization.** Once the application is received, and after verifying that it meets all of the requirements established by this Law, the Ministry of Commerce and Industry will issue the relevant authorization by means of a reasoned resolution, in a period not greater than thirty calendar days.

**Article 18. Rejection Period.** The Ministry of Commerce and Industry will reject any application not meeting the requirements provided for by this Law or lacking the documents referred to in articles 13 and 15 above within a period not greater than thirty calendar days.

**Article 19. Filing of Authorization.** The authorization issued by the Ministry of Commerce and Industry will be filed in a special registry known as the Credit Record Data Information Agency Registry.

The file in this Registry will have the following information:

1. Resolution number and date of issue.
2. Name, address, and phone numbers of the natural person or legal entity granted the authorization and of his/its legal representative.
3. Registered name and exact address of the business establishment.
4. Date of initiation of operations.

**Article 20. Record modification.** The legal representative of the credit record data information agency must inform the Ministry of Commerce and Industry of any change or modification affecting the registration data. This notification shall be made within fifteen business days after the date in which the changes were made, in order to update the Registration record by means of a marginal note. This provision is without prejudice to the provisions in other laws.

**Article 21. Issuance Fee.** The issuance fee for the Authorization is seven hundred fifty balboas (B/.750.00) and the annual supervisory fee for credit record data information agencies is five hundred balboas (B/.500.00).

The Executive Branch is empowered to review and adjust the above fees every two years by means of an executive decree, based on the inflation rate and operating costs incurred in providing authorization and supervisory services.

The above fees will be used solely to cover the expenses incurred in providing authorization and supervisory services, and will be deposited in a special account in accordance with budgetary norms and subject to established fiscal controls.

## Chapter II

### Business License

**Article 22. Business license.** In addition to the authorization mentioned in the previous chapter, any natural person or legal entity wishing to run a credit record data information agency, must have a Type A Business license granted according to Law 25 of 1994 and its enabling regulations.

# TRANSLATION

---

## Title III

### Rights, Duties and Prohibitions

#### Chapter I

##### Consumer or Customer

**Article 23.** Consumers and customers have the following rights:

1. *Access to information.* Consumers and customers are entitled to know all information about them that is maintained or managed by economic agents and data information agencies.

The concerned data information agency must provide the information that the consumer or customer, requests verbally, as well as tell him which credit agents had access to his credit record. The consumers or customers will not be charged for this information.

2. *Truthfulness of information.* Personal data must be accurate and properly updated in order to truthfully reflect the consumer's or customer's current situation.
3. *Proper handling of information.* Personal data should not be used for purposes other than those for which the data was collected. The compilation and use of data for historical, statistical or scientific purposes is not considered improper.
4. *Consent for information collection and transmission.* Credit record data furnished by consumers or customers to economic agents should only be collected and/or transmitted to data information agencies and furnished by them to economic agents, with the consumers' or customers' express consent, with the exception of economic, financial, banking, commercial or industrial obligations in the form of checks drawn on accounts that have insufficient funds or have been closed, and checks having a stop payment order against them.

The right to consent to the collection and transmission of credit record information is applicable to data generated after the enactment of this Law.

5. *Correction and deletion of information.* As soon as the consumer or customer becomes aware of a record or information about his credit history or his economic, financial, banking, commercial or industrial transactions that is in error, inexact, misleading, incomplete, out of date or false and that may adversely affect him, he may require its correction or removal, pursuant to the procedure set forth in Title IV of this Law.

This procedure will also be applied to those credit references and data that are maintained or managed by an economic agent or by data information or credit references agencies at the time this Law is promulgated.

6. *Indemnification.* Consumers and customers that suffer any type of damage due to an economic agent's or credit record data information agency's failure to comply with the provisions of this Law, will be entitled to compensation. This right will be claimed through the appropriate courts.
7. *Updating.* All consumers and customers are entitled to have their credit record information properly updated.

# TRANSLATION

---

**Article 24. Access to information.** The economic agent may only have access to information in the database of a data information agency with the consumer's or customer's written authorization.

**Article 25. Access to information in a database.** If credit record data is in a database to which several entities have access the consumer or customer can require any of them to provide him a copy of the information.

**Article 26. Expiration of data.** The expiration date for credit data stored in any data information agency's database will be seven years from the date of the last payment made by the consumer or customer or the date on which the consumer or customer became non-compliant for failure to make payments.

After the indicated period, the data must be deleted from the data information agency's credit record system or database.

The expiration date will be ten years from the final ruling in a court case.

**Article 27. Duties of Consumers and Customers.** Consumers and customers must furnish accurate information when providing their personal data to economic agents.

## Chapter II

### Credit Record Data Information Agencies

**Article 28. Duties of data information agencies.** Natural persons or legal entities acting as data information agencies have the following rights and duties:

1. To provide the consumer or customer verbal information on his credit record upon request. To obtain this information, the latter must go personally to the data information agency office or show his personal identification card.
2. To furnish a copy of his credit record to any consumer or customer that may require it. To obtain this information, the latter must go personally to the data information agency office and show his personal identification card.

The consumer or customer will get the first two certifications of his credit record requested in a year free of charge and will pay additional certifications at the business's going rate.

3. To keep credit record information sent by economic agents updated.
4. To process credit record data furnished by economic agents within three business days.
5. To comply with the provisions of this Law, especially with regard to the right of information, access, correction, and cancellation of credit record data.
6. To provide a copy of the part of a record that the consumer or customer has requested modified or deleted free of charge upon request by the consumer or customer. Should there be new modifications or deletions to the record, the consumer or customer may obtain a copy of the updated record free of charge, as long as it has been at least six months since the previous modification or deletion was made. The consumer or customer must exercise the rights in this Article in person.

# TRANSLATION

---

## Chapter III

### Economic Agents

**Article 29.** Rights and duties of economic agents. Economic agents have the following rights and duties:

1. To provide accurate, reliable and up to date information to the data information agencies with which they are affiliated.

Economic agents are required to inform consumers and customers of how information is input into the data information agency's database or data bank and the criteria they use to delay compliance with their credit reporting obligations.

2. To submit the amendment order to the appropriate data information agencies no later than three business days after receipt of the consumer's or customer's request for data correction.
3. To send the updated data regarding consumer or customer debts to the appropriate data information agencies within three business days.
4. To provide requested information to competent administrative and judicial authorities.
5. To handle claims filed in writing by consumers or customers.

## Chapter IV

### Prohibitions

**Article 30.** Prohibitions. Without prejudice to other prohibitions contained within this Law, the following is expressly forbidden:

1. To include the payment record for basic residential utilities such as phone service, electricity, water, sewage, and garbage collection in the databases or data banks of data information agencies.
2. To include the names of natural persons representing legal entities in the databases or data banks of data information agencies, unless those natural persons are linked to the relevant credit transaction.
3. To include the names of guarantors or co-debtors in the databases or data banks of data information agencies unless they have been informed of the principal debtor's non-compliance on an obligation and have been requested in writing to pay. In this case, a warning shall be placed in the credit information system indicating that they are guarantors or co-debtors.
4. To include any commentary on a consumer's or customer's compliance, behavior or management of his credit obligations in a consumer's or customer's credit history in the databases or data banks of data information agencies.
5. To publish, by any means, the name of a natural person or legal entity together with epithets or commentary on his non-compliance with his credit obligations.
6. To include telephone numbers or domicile or residential addresses in the databases or data banks of data information agencies.

# TRANSLATION

---

7. To act as a data information agency without previous authorization from the Ministry of Commerce and Industry.

## Title IV

### Data Correction and Cancellation Procedure

#### Sole Chapter

##### Procedure

**Article 31. Exercise of Rights.** The rights to access, correction and cancelation of the data stored for the purpose of providing data information services on credit records will be exercised by the consumer or customer with the economic agent or the CLICAC.

The affected consumer or customer may act personally or through an agent. The consumer or customer must certify the agent's accreditation.

**Article 32. Procedural Requirements.** The exercise of rights with an economic agent or CLICAC shall be made in writing. In order to be processed, the request must contain the following:

1. Basic information on the affected consumer or customer, including his residence, phone number and any other data may help to locate him.
2. A clear statement of the purpose of the request.
3. A photocopy of his personal identification card or, if he does not have one, a document certifying his identity.
4. Any document that the interested party considers relevant to the request he is filing.

**Article 33. Filing the request with an economic agent and time to respond.** In the event that the consumer or customer decides to act first with the economic agent, the request shall be filed in writing with the person in charge at the economic agent's offices. That person will receive the request, indicating the date and hour it was received.

The economic agent shall answer the request submitted by the affected party within no more than three business days.

**Article 34. Option to go to the CLICAC.** If three day have transpired since filing the request for correction, modification or cancellation of a credit record, data or credit references, without the economic agent providing an answer to the consumer or customer, or if the customer or consumer is not satisfied with the answer given by the economic agent, he may provide a copy of the original request and the answer, if there is one, to CLICAC so this government entity may investigate and determine if the request has merit. Under no circumstances does this procedure impede the consumer or customer from presenting his case to the CLICAC first.

**Article 35. Procedure with the CLICAC.** Based on the request submitted by the consumer or customer, CLICAC will require the economic agent and the data information agency to provide reports of the situation, justifying the data furnished or the reasons why the agent or agency rejected the request for correction, modification or cancellation, if such were the case.

CLICAC will present this requirement to the person in charge at the office of the economic agent and the data information agency, who shall respond and present the evidence they deem relevant within three business days from the date that the requirement was received. If the economic agent and/or data information agency does not submit the requested information, CLICAC may undertake the administrative investigations it deems necessary at the offices of the economic agents supplying the

# TRANSLATION

---

data and at the data information agencies to obtain the documentation required to make a determination on the claim filed.

**Article 36. Resolution.** Based on the request submitted by the consumer or customer, the documentation collected, and the answers given by the economic agent and data information agency, CLICAC will issue a reasoned Resolution within five business days. The Resolution will contain a concise description of the facts based on the evidence filed and the information provided, and a decision on whether to proceed with the correction, modification or cancellation requested, as well as any relevant penalties pursuant to this Law. The Resolution will, if it so determines, order the economic agent or data information agency to correct or cancel the relevant credit reference.

This order shall be executed under penalty of contempt, within three business days from the date on which the agent or agency was notified of the Resolution.

**Article 37. Appeal.** The resolutions issued by CLICAC can be appealed before the Board of Commissioners. This recourse will be granted without suspending the decisions in the Resolution and shall be filed within five business days from the date the Resolution was published.

## Title V

### Violations and Penalties

#### Sole Chapter

##### Types of Violations and Penalties

**Article 38. Types of Violations.** The violations made by economic agents and data information agencies are classified as minor, serious, and very serious.

**Article 39. Minor Violations.** It is considered a minor violation to disregard the applicant's request to review, correct or cancel his personal data.

**Article 40. Serious Violations.** The following are serious violations;

1. To create credit user databases or data banks or to collect personal data for purposes other than those established by this Law.
2. To maintain credit user files with outdated information.
3. To withhold information requested by CLICAC concerning cases it has received and that are within its purview.
4. To use consumer or customer personal information for purposes other than those for which it was collected.
5. To maintain consumer or customer information in unsecure places.
6. To obstruct the oversight functions of the competent authorities.
7. To fail to purge the database according to deletion requirements.
8. To violate data security regulations.

# TRANSLATION

---

9. To access the databases or data banks of a credit information agency for credit references without the consumer's express, written and prior authorization to obtain information on his credit history.
10. To provide, maintain and transmit false or inaccurate data.
11. To fail to adopt the technical measures or controls to prevent data alteration, loss, manipulation or access.
12. To modify data provided in authorization documents without informing the competent authorities within the period established by this Law.
13. To fail to provide updated data to the data information agency within the timeframe established by this Law.

**Article 41. Very Serious Violations.** The following are very serious violations:

1. Failure to comply with the provisions of this Law regarding the deletion of consumer or customer data.
2. Obtaining data fraudulently or deceitfully.
3. Failure to comply with CLICAC's orders regarding the handling of credit references or records.
4. Failure to comply with instructions issued by the Ministry of Commerce and Industry in carrying out their functions under this Law.
5. Publishing or disseminating information on the failure to comply with credit obligations.
6. To perform any of the activities forbidden by this Law.

**Article 42. Penalties.** Violations to this Law will be penalized as follows:

1. First-time minor violations will be penalized with a written admonition. Repeat offenses will be considered serious violations.
2. First-time serious violations will be penalized with a fine of from one thousand balboas (B/.1,000.00) to five thousand balboas (B/.5,000.00). Repeat offenses will be considered very serious violations.
3. Very serious violations will be penalized with a fine of from five thousand balboas and one cent (B/.5,000.01) to ten thousand balboas (B/.10,000.00)

The amount of the fine will be determined based on the degree of intent, recidivism and any other circumstances relevant to determining the degree of unlawfulness and culpability of the offense.

CLICAC will penalize the disregard or disobedience of a resolution ordering an action or the cessation of an action with a fine of from five hundred balboas (B/.500.00) to one thousand balboas (B/.1,000.00). This fine will be levied daily until such time as the order is complied with.

# TRANSLATION

---

## Title VI

### Final Provisions

**Article 42.** Adjustment Period. Natural and legal entities engaged in providing credit record information services, shall bring their activity up to date with the requirements of this Law within six months from the date of the promulgation of this Law.

**Article 43.** Regulation. The Ministry of Commerce and Industry will regulate this Law for the Executive Branch within a maximum of six months from the date of its promulgation.

**Article 44.** Public order, social interest and retroactivity. This Law is a matter of public order and social interest. It is retroactive with regard to the right established in paragraph 5 of article 23 on the correction and deletion of consumer or customer information.

**Article 46.** Enactment. This Law will become effective as of its enactment and repeals any contrary provisions.

LET IT BE KNOWN AND ENFORCED