

# TRANSLATION

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## Republic of Panama Superintendency of Banks

**RULE No. 9-2014**  
**(dated 23 September 2014)**

**“Whereby Articles 15 and 24 of Rule 6-2011 are amended”**

**THE BOARD OF DIRECTORS**  
In use of its legal powers, and

### **CONSIDERING:**

That due to the issuance of Decree Law 2 dated 22 February 2008, the Executive Branch reedited Decree Law 9 dated 26 February 1998 and all of its amendments as a sole text, and that this text was approved by means of Executive Decree 52 dated 30 April 2008, hereinafter referred to as the Banking Law;

That pursuant to Paragraphs 1 and 2 of Article 5 of the Banking Law, safeguarding the soundness and efficiency of the banking system and strengthening and fostering favorable conditions for the development of the Republic of Panama as an international financial center are objectives of the Superintendency of Banks;

That pursuant to Paragraph 5 of Article 11 of the Banking Law, the Board of Directors is responsible for establishing the administrative interpretation and scope of the legal provisions and regulations on banking matters;

That Article 15, Paragraph 4, Subparagraph c of Rule 6-2011, whereby the guidelines on E-banking and related risk management are established, requires all banks in the Panamanian market to have integrated circuit cards within thirty-six (36) months after the promulgation of the cited Rule.

That taking into consideration that Rule 6-2011 was published in the Official Gazette on 20 December 2011, the thirty-six (36) month period referred to in Article 15, Paragraph 4, Subparagraph c of Rule 6-2011 expires on 20 December 2014;

That the Superintendency has been informed that the manufacturers supplying the integrated circuit banking cards to banks have faced technological problems that have delayed their certification by “CLAVE PLUS.” This certification is necessary to start processing these cards;

That during the Board of Directors’ working sessions it became obvious that it was advisable to amend Articles 15 and 24 of Rule 6-2011 permitting banks to request a waiver to extend the period they have to comply with the integrated circuit banking card requirement.

### **RESOLVES:**

**ARTICLE 1.** Paragraph 4 of Article 15 of Rule 6-2011 shall read:

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4. **Automatic Teller Machines and Integrated Circuit Banking Cards.**  
At the automatic teller machine level, banks shall guarantee the implementation, as a minimum, of the following security measures:

- a. Identify the client through the bank card number.
- b. A Category one (1) authentication code whose password or personal identification number has at least four (4) digits and, additionally, an integrated circuit banking card.
- c. If the automatic teller machine service is offered through regular banking cards (non-integrated circuit cards), banks must assume the risk and cost of operations not recognized by clients, while the balance of said transactions must be repaid to the client within seventy-two (72) hours after the claim has been filed, as long as the transaction was made by clients of a bank on the automatic teller machines of the same bank.

In addition, if the transactions are made by the client on automatic teller machines of another bank of the market, the bank receiving the claim must pay the client the balance of the transactions within ten (10) days after the claim is filed.

All banks in the Panamanian market must have integrated circuit banking cards within thirty-six (36) months after the promulgation of this Rule. However, the bank must have an implementation and operational plan within twenty-four (24) months after the promulgation of this Rule.

- d. Provide the necessary measures to prevent the display of the identification and authentication information provided by the client on the access device screen.
- e. Encrypted transmission of passwords, personal identification numbers and client's sensitive information.
- f. Closed circuit television cameras (CCTV) and image recording, with the records being kept by the bank for a minimum of twelve (12) months. However, upon notification by competent authority, the bank must maintain the records at the disposal of the authorities for whatever period they may require.

**PROVISO.** Once the thirty-six (36) month period referred to in subparagraph c of this article has expired, banks that have not yet completed the distribution of the integrated circuit banking cards will have an additional three- (3) month period to complete the process.

Once the three- (3) month period in the previous paragraph has expired, those banks that have not yet completed the distribution of the integrated circuit banking cards to its clients may request a waiver from the Superintendent extending that period, explaining in detail the reasons that impede the bank meeting the deadlines herein. The Superintendent will evaluate the request for an extension, taking into account the card volume of each bank and the complexity of each particular case, and will decide how long an extension to grant based on the bank's justification.

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Nevertheless, as of 20 December 2014, the banks must assume all risks and cost of operations not recognized by clients that do not yet have access to the integrated circuit banking cards, as long as there is no negligence on the part of the client.

**ARTICLE 2.** Article 24 of Rule 6-2011 shall read:

**ARTICLE 24: ENACTMENT.** This Rule shall become effective on the tenth (10<sup>th</sup>) of September, two thousand twelve (2012). Notwithstanding the above:

- a. Paragraph 7 of Article 11 shall become effective twenty-four (24) months after the promulgation of this Rule. However, within nine (9) months after the enactment of this Rule, all banks shall submit an action plan for the implementation of this paragraph.
- b. The provisions in Paragraphs 2, 4, and 5 of Article 15 shall have a development period of twenty-four (24) months counted from the promulgation of this Rule, subject to the conditions and exceptions stated in the above paragraphs.
- c. All banks shall have installed closed circuit television cameras technology within a thirty-six (36) month period, counted from the promulgation of this Rule. After this period, the bank may avail itself of an additional three- (3) month period, i.e. until 20 March 2015. -

**ARTICLE 6. ENACTMENT.** This Rule shall become effective on upon its promulgation.

Given in the city of Panama on the twenty-third (23<sup>rd</sup>) day of September, two thousand fourteen (2014).

**FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.**

**THE CHAIRMAN,**

**THE SECRETARY,**

L.J. Montague Belanger

Luis Alberto La Rocca