

Republic of Panama

Superintendency of Banks

RULE No. 010-2014
(dated 14 October 2014)

“Whereby Article 10 and Appendixes I and II of Rule 1-2014, on the rules for the standardization of personal and commercial checks in Panama, 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 the provisions of paragraphs 1 and 2 of Article 5 of the Banking Law, safeguarding the soundness and efficiency of the banking system and strengthening and fostering auspicious conditions for the development of the Republic of Panama as an international financial center are objectives of the Superintendency of Banks;

That pursuant to the provisions of subparagraph 5 of paragraph I of Article 11 of the Banking Law, approving the administrative interpretation and scope of the legal provisions and regulations on banking matters is among the technical duties of the Board of Directors;

That by means of Rule 1-2014 dated 18 March 2014, the Superintendency prescribed the rules for the standardization of personal and commercial checks in Panama;

That Appendix I of Rule 1-2014 describes the formats for standard-size personal checks, extended-size personal checks and commercial checks that must be complied with by banks for their issuance;

That paragraph III and V of Appendix II of Rule 1-2014 establish the features each check must contain, as well as minimum security, printing and design features, respectively;

That during the Board of Directors' working sessions it became obvious that it was necessary and advisable to amend Rule 1-2014.

RESOLVES:

ARTICLE 1. Article 10 of Rule 1-2014 shall read:

ARTICLE 10. ENTRY INTO FORCE. This Rule shall become effective on 1 August 2015. Notwithstanding the above, checks issued before the standards required herein may continue to be used for an additional two- (2) year period after the entry into force of this Rule.

TRANSLATION

ARTICLE 2. Appendix I of Rule 1-2014 shall read:

ANNEX I

MAGNETIC CHARACTER OR MICR LINE

Magnetic characters must be encoded using magnetic ink or magnetic toner. Its application and density on the surface of the document and its distribution within the outline of each character must be uniform, enabling an adequate reading by electronic check processing systems (ANSI X9.27).

The MICR line has 53 positions for extended-size personal checks and commercial checks, and 43 positions for standard-size personal checks, numbered from right to left. It is encoded 4.8 mm (3/16") from the bottom edge of the check, starting 7.9 mm (5/16") from the right edge, and there must be 6.4 mm (1/4") of free space on the check's left edge (ANSI X9.13).

Each E13-B font character is designed to occupy horizontal and vertical zones of 0.33 mm (0.013"). The minimum character width is 1.3 mm (0.052") (for characters 1 and 2) and the maximum is 2.3 mm (0.091") (for characters 0, 8 and symbols).

All characters have a height of 3 mm (0.117") except the ON-US symbol. The ON-US symbol has a height of 2.3 mm (0.091").

Encoded information on the MICR line is divided into four fields that represent specific information. Each field is identified by its position and the symbols used therein.

The formats for the MICR line are described in the following reference tables:

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MAGNETIC LINE FORMAT FOR STANDARD-SIZE PERSONAL CHECKS

Name	Format	Position		Length	Field Description
		From	To		
ON-US	VD for Check number	14	14	1	Responsibility (ON-US): Consists of the account number, the check number, the verification digit for the account and the verification digit for the check. The account number and verification digit number are separated by the check number and the check verification digit by the ON-US symbol.
	Check number	15	20	6	
	ON-US symbol	21	21	1	
	VD for Account Number	22	22	1	
	Account number	23	34	12	
	Field total	14	34	21	
TRANSIT	TRANSIT symbol	36	36	1	TRANSIT: Consists of the financial entity number assigned by the Clearing House and the verification digit of the financial institution. The TRANSIT field is delimited at each end by the TRANSIT symbol.
	VD for Financial Institution Number	37	37	1	
	Financial Institution Number	38	40	3	
	TRANSIT Symbol	41	41	1	
	Field total	36	41	6	

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MAGNETIC LINE FORMAT FOR EXTENDED-SIZE PERSONAL CHECKS AND COMMERCIAL CHECKS

Name	Format	Position		Length	Field Description
		From	To		
ON-US	ON-US symbol	14	14	1	Responsibility (ON-US): Consists of the account number and the verification digit for the account number. The account number and verification digit for the account number are preceded by the ON-US symbol.
	VD for Account Number	15	15	1	
	Account number	16	32	17	
	Field total	14	32	19	
TRANSIT	TRANSIT symbol	34	34	1	TRANSIT: Consists of the financial entity number assigned by the Clearing House and the verification digit of the financial institution. The TRANSIT field is delimited at each end by the TRANSIT symbol.
	VD for Financial Institution Number	35	35	1	
	Financial Institution Number	36	38	3	
	TRANSIT Symbol	39	39	1	
	Field total	34	39	6	
AUXILIARY ON-US	ON-US Symbol	41	41	1	Auxiliary responsibility (AUXILIARY ON-US): Contains the check number and the verification digit for the check number. The AUXILIARY ON-US field is delimited at each end by the ON-US symbol.
	VD for Check Number	42	42	1	
	Check Number	43	51	9	
	ON-US Symbol	52	52	1	
	Field total	41	52	12	

ARTICLE 3. Appendix II of Rule 1-2014 shall be read as follows:

ANNEX II

CHECK CHARACTERISTICS

I. Paper manufacturing features

1. Weight: 90 grams/m² with a tolerance of $\pm 5\%$.
2. Thickness: The thickness may vary for the same paper weight. Optimum 112 μ m, minimum 107 μ m and maximum 117 μ m.
3. Stiffness: The capacity of the paper to resist deformation when subjected to stress: minimum DM 200, minimum DT 88.
4. Fiber direction: When the paper is cut, the fibers should run parallel to the longest side of the finished sheet. Long grain is recommended.
5. Humidity: The amount of humidity in the paper, expressed as a percentage of its weight. Optimum 32% RH, Minimum 24% RH, Maximum 40% RH.
6. Tear strength: The median strength in grams necessary to tear the paper. This measure is used to prove that the paper is suitable for use in transportation and sorting systems.

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Optimum DM 441mN, minimum DM 294 mN, maximum DM 637 mN.

7. Softness or roughness: The smoothness of the surface of the paper and the degree of uniformity. Optimum Sheffield units 130, minimum 105, maximum 155.

II. Paper security features

1. Duotone, private, custom-made printing company watermark.
2. Invisible fluorescent optical threads.
3. Visible colored threads or planchets.
4. Reaction of the paper pulp to hypochlorite, polar (alcohols, acetones, etc.) and non-polar (petroleum) solvents.
5. The paper must have a protective surface treatment that resists scraping and erasures and leaves signs of any attempt at alteration on the paper itself. Products such as Toner Grip, Laser Lock and Secur Laser can be used to protect laser-printed variable information.

III. Minimum printing security features

1. Security background printing in invisible fluorescent ink over the entire check, verifiable with an ultraviolet lamp.
2. Security watermark printed in fugitive ink. It must be a pastel or soft tone that will allow conversion to a binary image but that will not impede reading the check's content. This background must react to mechanical erasures by detaching itself from the paper, permitting detection of the alteration of the document.
Printed background must be patterned, in pastel colors, using 15%, 20%, 25%, and 30% percentages, with 133 raster lines. Background must be even, with no design.
3. Red penetrating magnetic ink for printing the MICR line (indispensable feature for commercial checks).
4. Penetrating ink for printing Arabic numbers for check numbering (indispensable feature for commercial checks).
5. Security inks:
 - a. Fugitive, water-soluble or bleeding inks. Inks that bleed, run, disappear or are diluted by attempts at erasure by friction must be used to print check backgrounds.
 - b. Fluorescent inks. Inks visible and/or invisible to natural light but emitting ultraviolet radiation when exposed to this type of light (i.e., changing color or becoming visible when submitted to ultraviolet light) must be used. They must be used to print in areas at risk for alterations (amount, signature, beneficiary, and amount in letters and numbers), and, consequently, must be sensitive to mechanical erasure.
 - c. Ink for numbering. To be used principally for printing check numbers. It must hinder tampering by erasure or overwriting. It must be penetrating or protected by fixers, anchors and/or special coatings.

IV. Check scanning features

Checks must comply with the ANSI X9.7 Standard recommendations that describe the requirements for the background and the location of the numerical amount field, to ensure that the process of capture and conversion to a binary image picks up only the document's essential information.

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V. Check design

1. Personal standard check

1.1. Front of the check

The diagram shows the front of a check form with the following elements:

- NOMBRE Y N° DE CUENTA**: A dashed box for the payee's name and account number.
- CHEQUE No.**: 000000
- REPUBLICA DE PANAMA**: Text on the right side.
- FECHA**: Date field with boxes for D, D, M, M, A, A, A, A.
- Páguese a la orden de:**: Field for the payee's name.
- B./.\$**: Field for the amount in Balboas and U.S. Dollars.
- La suma de:**: Field for the amount in words.
- MEMO**: Field for the check's purpose.
- BANCO**: A dashed box for the bank name.
- MICR Line**: A line of numbers from 41 to 1, with labels for **Ruta y Tránsito**, **No. de Cuenta**, and **No. de Cheque**, each with a **DV** (Data Verification) marker.

1.2. Back of the check

The diagram shows the back of a check form with the following elements:

- ENDOSO BENEFICIARIO**: Vertical line for the beneficiary's endorsement.
- NO ESCRIBA, SELLE O FIRME DENTRO DE ESTA LÍNEA - PARA USO DE LOS BANCO SOLAMENTE**: A dashed line indicating the area for bank use only.
- SELLOS - BANCO**: Vertical line for the bank's stamp.

1.3. Positions and dimensions

- CHECK No.:** Font: Arial, bold, size 7. Text located 63 mm from the bottom edge and 30 mm from the right edge of the check.
- REPUBLIC OF PANAMA:** Font: Arial, normal, size 5. Text located 58 mm from the bottom edge and 3 mm from the right edge of the check.
- DATE:** Font: Arial, normal, size 7. Text located 52 mm from the bottom edge and 53 mm from the right edge of the check.
 - The box must be 48 mm wide and 7 mm high. Each inner box must be 6 mm wide and 7 mm high.
 - It must be located 50 mm from the bottom edge and 3 mm from the right edge of the check.

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- d. The box for the amount in numbers must be 38 mm wide and 8 mm high.
 - (a) It must be located 39 mm from the bottom edge and 3 mm from the right edge of the check.
- e. PAY TO THE ORDER OF: Font: Arial, normal, size 7.
 - (a) The text must be located 48 mm from the bottom edge and 124 mm from the right edge of the check.
 - (b) The line must start 41 mm from the check's bottom edge and 46 mm from the check's right edge, and must be 103 mm long.
- f. THE AMOUNT OF: Font: Arial, normal, size 7.
 - (a) Text located 34 mm from the bottom edge and 136 mm from the right edge of the check.
 - (b) The line must be located 34 mm from the check's bottom edge and 18 mm from the check's right edge, and must be 117 mm long.
- g. MEMO: Font: Arial, normal, size 6.
 - (a) Text located 29 mm from the bottom edge and 142 mm from the right edge of the check.
 - (b) The line must be located 29 mm from the check's bottom edge and 85 mm from the check's right edge, and must be 56 mm long.
- h. The signature line: Must be located 18 mm from the bottom edge and 3 mm from the right edge of the check. It must be 77 mm long.
- i. Client customizing: The customized name, account number or any other client information must be in a 13 mm x 60 mm space at the top left corner of the check.
- j. Bank logo and customizing: The bank logo must be in an 11 mm x 60 mm space on the left edge and 15.88 mm from the bottom edge of the check (above the blank space or free space for printing magnetic characters).

2. Extended personal check

2.1. Front of the check

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The diagram shows the back of a check with the following elements:

- Top Left:** A dashed box labeled "NOMBRE Y N° DE CUENTA". Below it, the text "Páguese a la orden de:".
- Top Right:** "CHEQUE No. 000000000" and "REPUBLICA DE PANAMA". Below this is a date field "FECHA" with boxes for D, D, M, M, A, A, A, A.
- Middle:** "La suma de:" followed by a line for the amount. Below it, "MEMO" and a dashed box labeled "BANCO".
- Bottom:** A MICR line with boxes numbered 52 to 1. Labels below the line indicate "No. de Cheque", "Ruta y Tránsito", and "No. de Cuenta".
- Other Text:** "B./ \$" followed by a box for the amount in numbers, "BALBOAS U.S. DOLARES", and "PIE DE IMPRESA" at the bottom right.

2.2. Back of the check

The diagram shows the back of a check with the following elements:

- Left Side:** A vertical line labeled "ENDOSO BENEFICIARIO".
- Center:** A vertical line and a dashed line with the text "NO ESCRIBA, SELLE O FIRME DEBAJO DE ESTA LINEA PARA USO DE LOS BANCOS SOLAMENTE".
- Right Side:** A vertical line labeled "SELLOS - BANCO".

2.3. Positions and dimensions

- a. CHECK No.: Font: Arial, bold, size 7. Text located 64 mm from the bottom edge and 29 mm from the right edge of the check.
- b. REPUBLIC OF PANAMA: Font: Arial, normal, size 5. Text located 59 mm from the bottom edge and 3 mm from the right edge of the check.
- c. DATE: Font: Arial, normal, size 7. Text located 53 mm from the bottom edge and 53 mm from the right edge of the check.
 - (a) The box must be 48 mm wide and 7 mm high. Each inner box must be 6 mm wide and 7 mm high.
 - (b) It must be located 51 mm from the bottom edge and 3 mm from right edge of the check.
- d. The box for the amount in numbers must be 37 mm wide and 8 mm high.
 - (a) It must be located 40 mm from the bottom edge and 3 mm the right edge of the check.
- e. PAY TO THE ORDER OF: Font: Arial, normal, size 7.
 - (a) The text must be located 50 mm from the bottom edge and 158 mm from the right edge of the check.

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- (b) The line must start 42 mm from check's bottom edge and 47 mm from the check's right edge, and must be 137 mm long.
- f. THE AMOUNT OF: Font: Arial, normal, size 7.
 - (a) Text located 35 mm from the bottom edge and 170 mm from the right edge of the check.
 - (b) The line must be located 35 mm from the check's bottom edge and 18 mm from the check's right edge, and must be 150 mm long.
- g. MEMO: Font Arial, normal, size 6.
 - (a) Text located 29 mm from the bottom edge and 175 mm from the right edge of the check.
 - (b) The line must be located 29 mm from the check's bottom edge and 119 mm from the check's right edge, and must be 56 mm long.
- h. The signature line: Must be located 18 mm from the bottom edge and 3 mm from the right edge of the check. It must be 76 mm long.
- i. Client customizing: The customized name, account number or any other client information must be in a 13 mm x 60 mm space at the top left corner of the check.
- j. Bank logo and customizing: The bank logo must be in an 11 mm x 60 mm space at the left edge of the check and 15.88 mm from the bottom edge of the check (above the blank space or free space for printing magnetic characters).

3. Commercial check:

3.1. Front of the check

The diagram shows the front of a check form with the following fields and labels:

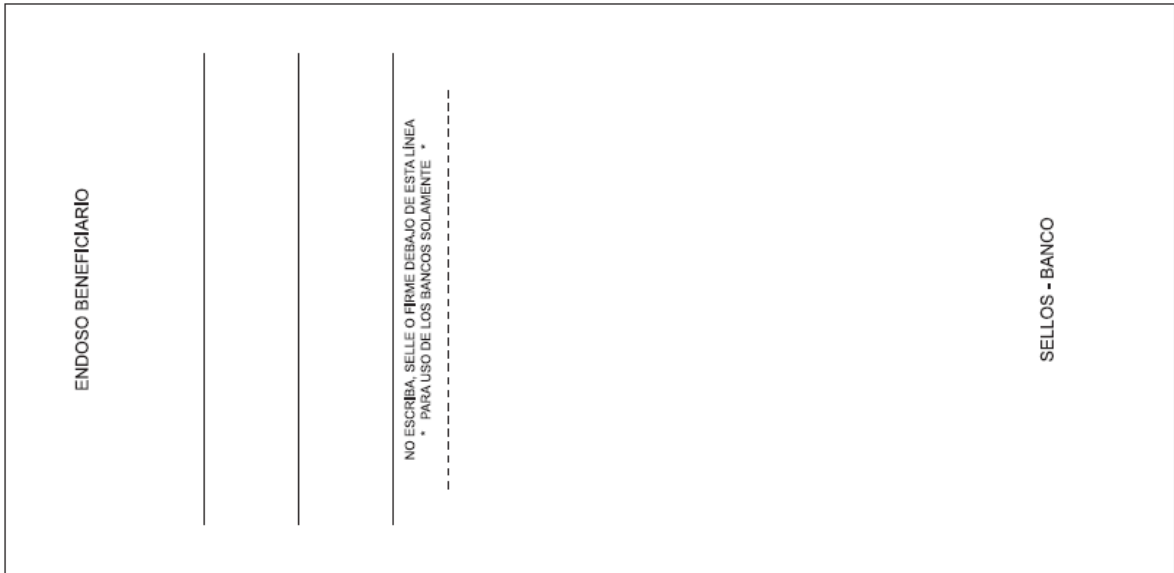
- CHEQUE No.** 000000000 (in red)
- REPUBLICA DE PANAMA**
- FECHA** (Date) with boxes for D, D, M, M, A, A, A, A.
- Páguese a la orden de:** (Pay to the order of) with a line and **B/S** (Dollars/Centavos) box.
- La suma de:** (The sum of) with a line and **BALBOAS U.S. DOLARES** label.
- BANCO** (Bank) with a dashed box.
- DE IMPRENTA** (Printed) label.

Below the form is a magnetic character strip with positions 50 to 1. Labels below the strip indicate:

- No. de Cheque** (Check Number) with a **DV** (check digit) arrow.
- Ruta y Tránsito** (Routing and Transit) with a **DV** arrow.
- No. de Cuenta** (Account Number) with a **DV** arrow.

3.2. Back of the check

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3.3. Positions and dimensions:

- a. CHECK No.: Font: Arial, bold, size 7. Text located 85 mm from the bottom edge and 46 mm from the right edge of the check.
- b. REPUBLIC OF PANAMA: Font: Arial, normal, size 5. Text located 73 mm from the bottom edge and 3 mm from the right edge of the check.
- c. DATE: Font: Arial, normal, size 7. Text located 66 mm from the bottom edge and 53 mm from the right edge of the check.
 - (a) The box must be 48 mm wide and 7 mm high. Each inner box must be 6 mm wide and 7 mm high.
 - (b) It must be located 65 mm from the bottom edge and 3 mm from right edge of the check.
- d. The box for the amount in numbers must be 40 mm wide and 8 mm high.
 - (a) It must be located 49 mm from the bottom edge and 3 mm from the right edge of the check.
- e. PAY TO THE ORDER OF: Font: Arial, normal, size 7.
 - (a) The text "PAY TO THE" must be located 54 mm from the bottom edge and 166 mm from the right edge of the check.
 - (b) The text "ORDER OF" must be located 51 mm from the bottom edge and 166 mm from the right edge of the check.
 - (c) The line must be located 51 mm from the bottom edge and 49 mm from the right edge of the check, and must be 115 mm long.
- f. THE AMOUNT OF: Font: Arial, normal, size 7.
 - (a) Text located 42 mm from the bottom edge and 167 mm from the right edge of the check.

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- (b) The line must be located 42 mm from the bottom edge and 18 mm from the right edge of the check, and must be 147 mm long.
- g. The signature line must be located 21 mm from the bottom edge and 4 mm from the right edge of the check. It must be 105 mm long.
- h. Client customizing: The customized name, account number or any other client information must be in a 20 mm x 70 mm space at the top left corner of the check.
- i. Bank logo and customizing: The bank logo must be in a 19 mm x 60 mm space at the left edge of the check and 15.88 mm from the bottom edge of the check (above the blank space or free space) for printing magnetic characters).

ARTICLE 4. This Rule shall become effective on 1 August 2015.

Given in the city of Panama on the fourteenth (14th) day of October, two thousand fourteen (2014).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE CHAIRMAN,

THE SECRETARY,

L.J. Montague Belanger

Luis Alberto La Rocca