

PHILIPPINE CLEARING HOUSE CORPORATION

Manila, Philippines

CICS OM No. 17-017

01 August 2017

TO : All Clearing Banks/Institutions

RE : NON-ACCEPTANCE OF CHECKS WITH TECHNICAL DEFECTS

1. As approved by the PCHC Board in its meeting of 27 July 2017, please be informed that effective 01 September 2017, any Presenting Bank transmitting any Regular Clearing Item (RCI) that bears the following exceptions/technical defects shall be subject to a penalty of Php1,000.00 per item/day or amount of the item multiplied by the average BCI rate for the day whichever is higher, viz:

- 1.1 No date, out of date/invalid date (i.e. Feb. 30, 2017)
- 1.2 Post-dated or Stale dated
- 1.3 No payee specified
- 1.4 Payee's line indicated:
 - 1.4.1 Customer Name and Cash*
 - 1.4.2 Customer Name and/or Cash*
 - 1.4.3 Business Name or Cash*
 - 1.4.4 Business Name and/or Cash*
- 1.5 No amount in figures
- 1.6 No amount in words
- 1.7 Over or under encoding
- 1.8 No signature or missing signature of the Drawer
- 1.9 Old format Checks (except those stamped warehoused PDCs accepted prior to 01 Jan 2017)


* Additional return reason code/s will be published in a separate Operating Memo

2. It shall be the responsibility of the Drawee Bank to automatically dishonor/return any inward RCI that shows any of the above exception/technicalities; otherwise, it shall lose its right to collect from the Presenting Bank the corresponding penalty charge.
3. The penalty shall be collected by the Drawee Bank from the Presenting Bank via the usual Clearing Receipt/Charge Slip within 5 banking days from date of the RCI transmission to the Drawee bank.
4. It should be noted that under BSP Circular 924, Clearing Items covering Checks with technical defects/reasons must be returned not later than 7:30 AM.
5. In order to avoid being penalized, Clearing Banks must observe due diligence when accepting Checks for deposit. As a general rule, Presenting Banks should not transmit RCIs covering Checks bearing the above exceptions.
6. This issuance supersedes certain penalty provisions under CICS OM No. 17-017.
7. For proper guidance and strict compliance.


EMMANUEL E. BARCENA
President & CEO

TO ALL CONCERNED

FOR YOUR GUIDANCE, INFORMATION AND DISSEMINATION


ARNULFO M. BALANE, CESO V
Schools Division Superintendent
Division of Camarines Sur