

CHECK CLEARING RULES FOR RURAL BANKS WHO ARE MEMBERS OF THE PHILIPPINE CLEARING HOUSE CORPORATION AND THRIFT BANKS AUTHORIZED TO ACCEPT DEMAND DEPOSITS

BSP CIRCULAR NO. 175, September 03, 1998

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/06e70e43d971/>

Pursuant to MB Resolution No. 1105 dated August 5, 1998, Circular 163, dated April 8, 1998 is amended as follows:

Sections 3 and 4 of Circular 163 shall apply to rural banks who are members of PCHC and thrift banks authorized to accept demand deposits and participate directly in the PCHC and BSP clearing operations.

Section 3 shall now read:

"3. For rural banks who are members of PCHC and thrift banks authorized to participate in the PCHC and BSP check clearing operations, ceilings for clearing losses not covered by interbank borrowings shall be established and unwinding of the clearing transactions shall be authorized when the ceilings are breached.

a. The proposed ceiling is defined as the collateralized overnight clearing line that will be extended by BSP. Every rural bank and thrift bank authorized to participate directly in the clearing operations of PCHC and BSP should apply for this line with the BSP Department of Loans and Credit (DLC). The availments against the approved loan line shall bear interest at the 91-day Treasury Bill rate of the last auction immediately preceding the availments.

b. Procedures for unwinding shall apply to all inward items, other than "Returned Items" and to local exchanges only.

c. The aggregate value of all inward items of all clearing centers, including "On Manila" clearing demands presented to PCHC, shall be ranked from highest to lowest. The unsettled net clearing losses shall be eliminated by unwinding the inward items starting from the clearing centers, including PCHC, with highest aggregate value.

d. In case the aggregate value of the inward items for a given clearing center, except PCHC, exceeds the unsettled net clearing losses, the total inward items for that clearing center shall be the subject of unwinding.

e. In the case of checks cleared through PCHC, the inward clearing items shall be unwound to the extent of the unsettled net clearing loss. The selection of the specific demand items to be covered by unwinding shall be based on PCHC rules.

f. Checks which are the subject of the unwound clearing transactions shall be returned to the presenting banks not later than 9:00 o'clock AM of the following clearing day."

Section 4 shall now read:

"4. Rural banks and thrift banks authorized to participate directly in the clearing in PCHC and BSP regional clearing centers shall be subject to the following measures to manage the settlement risks:

- a. Settlement of Outward items shall be value dated on the day the checks are cleared, net of returns. For this purpose, the "value date" or "settlement date" referred to herein shall be defined uniformly as the next clearing day when dishonored checks are returned within the reglementary period, reckoned after the date of presentation for local clearing in the integrated Manila Clearing area for PCHC and in all BSP regional clearing centers. For inter-regional clearing items, outward Manila clearing items and to Manila clearing items, the "value or settlement date" shall be defined in clearing circulars to be issued by BSP.
- b. A ceiling shall be set on the amount of overdraft a rural bank and a thrift bank authorized to accept demand deposits may incur due to failure to cover clearing losses through interbank borrowings. The ceiling is defined as the collateralized overnight clearing line that will be extended by BSP DLC. The availments against the approved loan line shall bear interest at the 91-day Treasury Bill rate of the last auction immediately preceding the availments.
- c. Should the overdraft exceed the ceiling, the BSP Accounting Department is authorized to instruct the PCHC and the BSP regional clearing centers to unwind the clearing transactions following the procedures defined in Section 3 above."

This Circular and the implementing guidelines shall take effect on September 15, 1998.

Adopted: 3 Sept. 1998

(SGD.) GABRIEL C. SINGSON
Governor

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.