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# AMENDMENTS TO THE CUT-OFF TIME FOR RETURNED ITEMS AND OTHER TIMELINES IN APPENDIX 39 OF THE MANUAL OF REGULATIONS FOR BANKS

*CIRCULAR NO. 986, January 09, 2018*

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Adopted: 29 December 2017
Date Filed: 09 January 2018

The Monetary Board, in its Resolution No. 1925 dated November 16, 2017, approved the amendments to the following sections and appendix of the Manual Regulations for Banks (MORB) to change the timelines for the return by the Drawee Bank of dishonored checks to the Presenting Bank under the Check Image Clearing System (CICS), and for the Bangko Sentral reverse repurchase (RRP) facility auction, as well as specify the start and cut-off time for settlement of interbank transactions with the Bangko Sentral during normal and abnormal conditions.

Section 1. Sections X202 and X203 of the MORB are hereby amended to read as follows:

> "Sec. X202 Temporary Overdrawings; Drawings Against Uncollected Deposits. The following regulations shall govern temporary overdrawings and drawings against uncollected deposits (DAUDs).
>
> a. Temporary overdrawings. Temporary overdrawings against demand deposit account (DDA) shall not be allowed, unless caused by normal bank charges and other fees incidental to handling such accounts.
>
> xxx
>
> Technical overdrawings arising from "force posting" in-clearing checks shall be debited by banks under "Returned Checks and Other Cash Items (RCOCI)" which is part of "Other Assets" in the Balance Sheet. Items to be lodged under this account shall consist only of in-clearing checks which may result in "technical overdrawn" accounts.
>
> In case a check clearing item is dishonored, the Drawee Bank shall generate the pertinent electronic documents1 on the dishonored clearing item due to insufficiency of funds and electronically submit the same to the Presenting Bank within the prescribed period, or not later than the cut-off time indicated in Appendix 39 for returned items
>
> Peso DDAs maintained by foreign correspondent banks with UBs/KBs shall not be subject to the above-mentioned regulations: provided, That:
>
> xxx
>
> b. DAUDs. DAUDs shall be prohibited except when the drawings are made against uncollected deposits representing manager's/cashier's/treasurer's checks, treasury warrants, postal money orders and duly funded "on us" checks which may be permitted at the discretion of each bank.
>
> "Sec. X203 Returned Checks.



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a. Checks without sufficient funds/with stop payment orders.

To complement the provisions of Batas Pambansa Blg. 22, (An Act
Penalizing the Making or Drawing and Issuance of a Check Without

Sufficient Funds or Credit), the following regulations shall govern checks drawn against insufficient funds and checks drawn against closed accounts:

(1) xxx
(2) xxx
(a) xxx
(b) xxx
(3 ) xxx
(4) xxx

b. Checks dishonored due to technical reasons. xxx

c. The Drawee bank shall transmit the electronic documents[1] relative to the dishonor to the Presenting Bank within the prescribed period or not later than the cut-off time indicated in Appendix 39 for returned items in accordance with the following procedures:

(1) The settlement of interbank transactions vis-à-vis covering reserve requirement/deficiency of banks' DDA is shown in Appendix 39.

(2) The AM clearing window for clearing items dishonored due to insufficiency of funds or credit, technical reasons, closed account and/or stop payment order shall be conducted from 4:31 PM of the same day up to the cut-off time indicated in Appendix 39 for returned items.

(3) xxx"

Section 2. Appendix 39 on Settlement of Interbank Transactions vis-à-vis Covering Reserve Requirement/Deficiency of Banks' Demand Deposit Account with the Bangko Sentral (Appendix to Secs. X202 and X203) of the MORB (attached as Annex A") is also amended to indicate the changes in the timelines.

Section 3. Effectivity. This Circular shall take effect fifteen (15) calendar days after publication in the Official Gazette or in a newspaper of general circulation.

**FOR THE MONETARY BOARD:**

(SGD) NESTOR A. ESPENILLA, JR.
Governor


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