PHILIPPINE CLEARING HOUSE CORPORATION
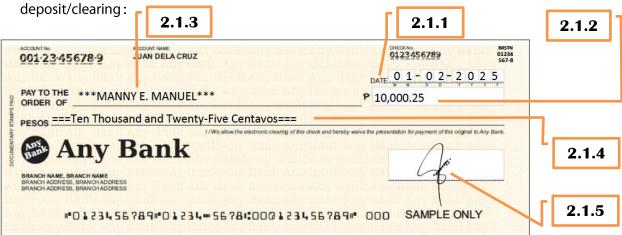
Memo Circular No. 3821
July 02, 2024

T O   :   All Clearing Banks/Institutions

R E   :   <u>REMINDER ON WRITING INFORMATION ON CHECKS FOR DEPOSIT/CLEARING</u>

1. We have been receiving requests for clarifications regarding different issuances as well as incidents on the non-acceptance of Checks citing reasons that are not listed in any of the published memo circulars of PCHC.

2. With the implementation of the New Check Design effective May 1, 2024, we once again wish to clarify and remind observance of the following guidelines in writing information on Checks for deposit/clearing :

2.1. <u>Relevant information</u>

    2.1.1. **The Issue date** – the date to be indicated on the Check must be purely numeric MM-DD-YYYY, **with dash ("-") as the only allowed partition symbol. The use of any other symbols to separate the month from the day and the day from the year will render the Check unacceptable for deposit/clearing starting January 2, 2025 when the moratorium for not conforming to the acceptable standard/format is lifted.**

        Acceptable Format:

        Not Acceptable starting January 2, 2025:
        Examples of wrong writing of date, or with unacceptable partition/format.

    2.1.2. **The Amount in Figures** – the amount to be indicated inside the amount box should be a standard number where centavos are separated by a period (.), the hundreds from thousands by a comma (,), thousands from millions by a comma, so on and so forth. The numbers in the amount box should not include any symbols before and after to enable accurate character amount recognition. Examples:

Acceptable:

₱ 10,000.00   ₱ 10,000.25

₱ 1,010,000.00

Not acceptable starting January 2, 2025

₱ ₱10,000.00   ₱ ***10,000.00***

₱ 10,000.XX   ₱ 10,000—

2.1.3. **The Payee** – except for payment intended for Government Agencies like BIR/BOC where "Payee" name may include additional text like, "FAO Bureau of Internal Revenue…", the payee line may indicate the name of a person, entity, or "Cash". While there is no prohibition in adding any symbols before and after the payee name to deter attempt to alter/change the name of the payee, the combination of 'Person Name and Cash', 'Person Name and/or Cash', 'Business Name or Cash', and 'Business Name and/or Cash' is considered a Technical Defect and as such, not acceptable for deposit/clearing. Examples:

Acceptable:

PAY TO THE ORDER OF ===MANNY E. MANUEL===   PAY TO THE ORDER OF ***Globe Telecom, Inc.***

PAY TO THE ORDER OF CASH

Not Acceptable:

PAY TO THE ORDER OF Manny E. Manuel or CASH   PAY TO THE ORDER OF Smart Communications, Inc. and/or Cash

2.1.4. **The Amount in Words** – The Amount in Words is a must for a Check to be acceptable for deposit/clearing. There are no restrictions regarding symbols traditionally placed before and after the Amount in Words to deter attempts for alteration. Examples:

Whole Amount (no centavos):

PESOS ***Ten Thousand Only***

PESOS ***Ten Thousand Pesos Only***

PESOS Ten Thousand Only

PESOS Ten Thousand Pesos Only

PESOS ***Ten Thousand Pesos***

PESOS Ten Thousand Pesos

Without the word "Only" for whole amount (no centavos) does not render the Check unacceptable for deposit/clearing.

Amount with centavos:

PESOS Ten Thousand and 25 Centavos

PESOS Ten Thousand Pesos and 25 Centavos

PESOS Ten Thousand and 25/100

PESOS Ten Thousand Pesos and 25/100

PESOS ***Ten Thousand and 25/100 Centavos***

PESOS ***Ten Thousand Pesos and 25/100***

PESOS ===Ten Thousand and 25/100 Cts===

PESOS ===Ten Thousand Pesos and 25/100===

2.1.5. **The Signature/s** – the presence of drawer's signature validates the Check issued as regular and negotiable. Two signatories may share one signature box and signatures that exceeds the box boundaries do not affect the Check's acceptability for deposit/clearing.

2.2. **Conditions where Old Format Checks are still acceptable for deposit/clearing**

2.2.1. Post-dated old format Checks when issued and submitted by the Payee to the Depository Bank for warehousing before May 1, 2024. These Checks were stamped, "Warehoused" by the depository bank and deposited to the Payee Account when due.

2.2.2. Bank-Issued old format Checks like Managers'/Cashiers/Gift Checks, Demand Drafts, provided that:

2.2.2.1. the issue date is in the acceptable format, i.e. MM-DD-YYY, MM-D-YYYY, or M-DD-YYYY (with dash as the only allowed partition symbol); and

2.2.2.2. there are no special characters or symbols added before or after the Amount in Figures

2.3. **Circumstances where an issued Check should be refused acceptance when deposited:**

2.3.1. It is **technically defective**, i.e. post-dated, stale-dated, no amount in words, no signature, paid to a named person/entity and/or cash, altered, with erasures, or a portion of the payment information is unreadable (torn or covered with ink).

2.3.1.1. Checks with technical defects may be returned by the Drawee within the prescribed period and collects penalty pursuant to Section 3 of CICS OM No. 17-019 dated September 13, 2017.

2.3.1.2. Technically defective Checks if inadvertently accepted for deposit and paid, may be returned by the Drawee Bank using a Charge Slip within a period of three (3) years from date of clearing (Without penalty if returned beyond the prescribed period. Acceptance by the Presenting Bank is mandatory).

2.3.2. **Old format Checks** which are not bank-issued, nor warehoused before May 1, 2024 (date of issue is on or after May 1, 2024). This could include Demand Drafts.

2.3.3. Checks detected as duplicate when inquired via Decision Support Platform (manually or via API), upon deposit via Mobile Deposit Facility (MDF) and/or Checks detected or seen to be Counterfeits.

3. We highly recommend that you share the aforementioned information/reminder with all your offices/branches to ensure its dissemination to all customers who write/issue Checks.

4. For your information and guidance.

EMMANUEL E. BARCENA
President & CEO