

[CIRCULAR NO. 986, January 09, 2018]

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

Adopted: 29 December 2017

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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.

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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: