

(Unofficial Translation) *

Bank of Thailand Regulation
Inter-Provincial Cheque Collection B.E. 2546

Since the Bank of Thailand has shortened the duration of inter-provincial cheque collection, for people to be able to receive funds regarding their deposited cheques quickly. The Bank of Thailand has now improved the procedure of inter-provincial cheque collection, enforcing the collection at the paying bank's branch in the depository clearing house district, in order to ensure higher efficiency and shorten collection duration, without sending the physical cheque for collection at the paying branch, being responsible for keeping and recording the payer's bank account. Under consent by member banks, the Bank of Thailand deems it appropriate to enforce the regulation on Inter-Provincial Cheque Collection, as follows:

Chapter 1

General Provisions

Article 1 All other prior notifications, rules and regulations, which have been stated in this regulation, or which contradict the provisions under this regulation, shall be rescinded, and replaced by this regulation.

Article 2 The Bank of Thailand shall arrange clearing procedure for inter-provincial cheque collection, assigning the clearing house as the center for receiving cheque data and exchange of cheques of member banks, calculating net clearing position, and other actions related to inter-bank clearing system.

Article 3 Of this regulation:

“The BOT” refers to the Bank of Thailand.

“Clearing House” refers to the Electronic Clearing House, established under the Bank of Thailand Regulation on Interbank Electronic Cheque Clearing System in Bangkok B.E. 2539, and the clearing houses, established for provincial cheque clearing system.

* This translation is for the convenience of those unfamiliar with the Thai language. Please refer to the Thai text for the official version.

“Member Bank” refers to the head office or branches of bank in the inter-provincial cheque collection system.

“Principal Branch” refers to branches of member banks, appointed by member banks to act as a center for gathering cheques and data of their respective banks for presentment to the clearing house. It will also receive cheques and collection data submitted by other member banks.

“The BOT’s Clearing Service Jurisdiction” refers to an operational territory of the head office of the BOT, or its regional branches.

“Clearing House District” refers to an operational territory of a clearing house.

“Online Clearing House” refers to clearing houses, transmitting data with member banks through Electronic Financial Services (EFS).

“Offline Clearing House” refers to clearing houses transmitting data with member banks via media.

“EFS” refers to services under the BOT Regulation on Electronic Financial Services (EFS) B.E. 2544 and the amendment.

“Cheque” refers to:

(1) Cheque, draft, bill of exchange, promissory notes or any other instrument payable on demand in Bangkok and returned cheque slips.

(2) Bill of exchange, promissory note or any other instrument payable in Bangkok under a definite period, which the bank has accepted, and granted aval, being fall due for payment.

(3) Cheque, draft, bill of exchange, promissory note or any other instrument payable on demand in provinces, or bill of exchange, promissory note or any other instrument payable on demand in provinces, under definite time periods, which the bank has accepted, or granted aval, which has been due. A paying bank, in this regard, is a branch of a member bank, having performed in accordance with this regulation, under approval by the BOT, and having been publicly notified to all member banks.

“Inter-Provincial Cheque” refers to cheque, of which the sending bank branch and the paying bank branch are located in different clearing house districts.

“Collection at the Depository District” refers to a method, which the bank branch of first deposit of inter-provincial cheque sends cheque for collection at principal branch of the paying bank through the clearing house in depository district. The principal branch will make payment by deducting fund from the payer’s account on behalf of the branch, who keeps the payer’s bank account.

“Cheque data” refers to data consist of cheque number, paying bank code, paying branch code, payer’s account number, document classification code and payment amount.

“Inter-Provincial Cheque Collection System” refers to an application system developed by the BOT in order to handle data transmission, processing and classification of cheque data for interbank cheque clearing, through collection at the depository district. A paying bank must notify returned cheques on the third working day, including the cheque exchange date.

“Net Clearing Position” refers to balance of collected cheques, netted with balance of returned cheques.

“Working days” refer to working days of commercial banks.

“Media” refer to magnetic tape, magnetic diskette or any other media used for data recording, which can be interpreted by computer, according to qualifications as set by the BOT.

Article 4 A member bank shall proceed inter-provincial cheque collection through the methods below:

(1) In case where the paying bank has its branch located in the same clearing house district as the sending bank branch, the sending bank branch shall submit cheques for collection through the principal branch of the paying bank at that clearing house, using the inter provincial cheque collection system.

(2) In case where the paying bank does not have any branch located in the same clearing house district as the sending bank branch, the sending bank branch can submit cheque for collection at the nearest, or the most convenient provincial clearing house, in which the branch of the paying bank is located. The collection results shall be notified to the customers within six working days from the cheque depositing date.

Article 5 The member banks shall avoid exchanging cheques for collection among member banks themselves, or at any other place than the clearing houses, except under permission by the BOT.

Article 6 The BOT shall appoint clearing officers, and impose any regulations of the Electronic Clearing Houses, in order to ensure completeness of inter-provincial cheque collection system.

In case of the clearing houses in provinces, manager of the clearing house shall act as the ex-officio clearing officer, or assign the entrusted officer of the member banks, or any other person in agreement by member banks, to act as the clearing officer.

Article 7, In case of force majeure or any other cause disabling the clearing process of inter-provincial cheque collection system as stated under this regulation, the clearing house can take any actions as deemed appropriate, in order to continue the clearing system.

Article 8 In the clearing process, the BOT shall bear responsibility of any

damage, as occurred in the normal incidences, except damages as a result of any special behaviors, or damages from failures of the application system.

The clearing officer or any assigned person shall not bear any responsibility of the damages arisen from cheque exchanges, or any damages stemming from exchanged cheques.

Chapter 2

Member Banks

Article 9 Member banks under the inter-provincial cheque collection system include:

(1) Ordinary members refer to the banks acting as both sending and paying banks. As the paying banks, they shall have branches to handle cheque payments in all clearing service jurisdiction of the BOT, and they shall gain collection fees.

(2) Associated members refer to the banks acting as the sending banks. They shall not have any branches to handle cheque payments in the clearing service jurisdiction of the BOT, and they shall not gain collection fees.

Article 10 Banks intent upon participating in inter-provincial cheque collection system shall submit the Letter of Agreement and Power of Attorney, as designated for submission to the BOT, and the BOT will notify the application results to other member banks.

Article 11 Banks intent upon resigning from membership status shall dispatch a letter to the BOT for acknowledgement, at least one month in advance. Upon approval by the BOT, the resignation result will be notified to all member banks.

Article 12 Membership of any bank shall be removed in the following cases:

(1) Be unable to settle debit account balance on clearing position, or
 (2) Stop payments or cease operating in any causes, or
 (3) Intentionally ignore posting its representatives at the clearing house at the given period, except under causes justified as “force majeure” by the BOT.

(4) Violate or avoid acting in accordance with this regulation that damages the inter-bank clearing system under this regulation.

The BOT shall notify for public acknowledgement membership termination of any bank.

Chapter 3

Bank’s Representatives

Article 13 A member bank shall designate any of its office as the principal branch, and post its representative at the clearing house, by sending name list and signature specimens of said representative as reference at the clearing house. Every

change must be notified to the clearing house in advance.

Article 14 A representative of member bank at the clearing house shall act on behalf of the member bank in exchanging cheques, signing cheque-exchange documents and data-exchange reports, being acknowledged and taking actions concerning corrections of cheque collection documents, correcting and accepting credit/debit account balance on clearing position, or taking all actions concerning clearing process. The representative shall remain at the clearing house, until all required transactions complete.

Article 15 The member bank shall take full and complete responsibility of any acts, committed by its representatives, concerning the clearing process, as instructed by the clearing officer.

Chapter 4 Rights and Duties

Part 1

Online Member Banks of Clearing Houses

Article 16 Member banks, intent on using this application system, shall comply with the BOT Regulation on Electronic Financial Services B.E. 2544, and the amendment. They shall also take the following actions:

(1) Provide Power of Attorney for authorized persons to appoint a manager of rights for applying inter-provincial cheque collection system.

(2) Assign the authorized person as in (1) to issue a letter regarding the appointment of a manager of rights for applying inter-provincial cheque collection system, using the form as set by the BOT

(3) Assign the manager of rights as in (2) to issue a letter setting up the rights for transmitting cheque data, inquiring and printing reports concerning the inter-provincial cheque collection system, using the form as set by the BOT. The manager of rights is prohibited from assigning the rights for him/herself.

Article 17 Member banks shall accept the efficiency, capability and limitations of safety procedure for cheque data transmission, and accept that there is sufficient and proper system for preventing any mishandling and fraudulent cases.

The BOT reserves its right to improve or amend safety procedures for cheque data transmission as deemed appropriate.

Article 18 Member bank shall have backup computer, or equipment for network connection, for use in case of interruption of the actual computer or network connection equipment.

Article 19 In case of connection with the server breaks down because of “Force Majeure”, member banks shall immediately notify the BOT.

Article 20 Member banks shall adopt emergency plan at generally acceptable standards, in an event where the data transmission cannot be conducted.

Part 2

Offline Member Banks of Clearing Houses

Article 21 Member banks shall submit and accept media for inter-provincial cheque collection, using the formats and methods as set by the BOT.

Article 22 Member banks shall have backup computer for use in case of interruption of the actual computer machine.

Article 23 Member banks shall adopt emergency plan at generally acceptable standards, in an event where the media cannot be conducted.

Chapter 5

Cheque Data Transmission

Part 1

Data Transmission between Clearing House and Online Member Banks

Article 24 Member banks shall submit cheque data for clearing services by the time as set by the BOT on each working day.

Article 25 Member banks shall gather cheque data of each branch, and submit data using the formats and methods as set by the BOT. Member banks can cancel cheque data within the time as set by the BOT.

Article 26 In case of communication breakdown, making member banks unable to submit cheque data by the stipulated time, member banks shall immediately notify the clearing house. If the member bank wants to use computer and equipment at the clearing house, it shall notify the clearing house, accordingly. It shall also act in accordance with the BOT's emergency plan.

Article 27 The clearing house will submit cheque data, sorted by banks, including other related reports, to member banks within the stipulated time.

Article 28 The clearing house will calculate the net clearing position, and notify member banks for verification.

Part 2

Data Transmission between Clearing House and Offline Member Banks

Article 29 Member banks shall submit media using the formats and methods adopted by the BOT, together with summary of total cheques for clearing by the time as set by the BOT.

Article 30 Member banks shall receive media of cheques, sorted by banks, and related reports, including net clearing position, by the time as set by the BOT.

Article 31 The clearing house will calculate the net clearing position, and notify member banks for verification.

Chapter 6

Exchange of Cheque

Article 32 Cheque exchange among member banks shall be conducted on the working days as set by the BOT, through the following procedures:

(1) Member banks shall cross at its name on every paper cheque, submitted for exchange. The banks receiving the cheque shall then verify the crossing.

(2) A representative of member bank shall gather cheques from respective branches, and sort them according to the paying banks. There shall be details attached for the submission, including the submission form and binding copy, attached in front of every batch to be delivered for exchange at the clearing house.

(3) A representative of member bank, receiving exchanged cheques, shall sign his/her name on the binding copy of the submission form, and return the binding copy to representative of the sending banks.

Chapter 7

Correction of Errors

Article 33 In case where the sending bank submits the data not consistent with physical cheques, resulting in lower amount of cheques subject for collection, the paying bank shall correct the excessive collection data, by submitting '*other collection transactions*' on the third working day, with the exchange date inclusive.

In case where the sending bank submits physical cheques in excess of the collection data, the paying bank shall notify and return said cheques to the sending bank on the following working day from the exchange date. If the paying bank wants to keep the cheque for clearing, it shall notify the sending bank for acknowledgement in order to adjust the collection data through '*other collection transactions*' on the third working day, with the exchange date inclusive.

In case where the sending bank submits the collection amount data not in line with the amount on cheque, the paying bank shall notify the sending bank for increasing or reducing the collection amount data on the third working day, with the exchange date inclusive, through the following methods:

(1) If the collection amount data is less than the amount on cheque, the sending bank shall increase the collection amount data by submitting '*other collection transactions*'.

(2) If the collection amount data is higher than the amount on cheque, the sending bank shall reduce the collection amount data by submitting '*other collection*

transactions'.

Article 34 In case of correction of errors in collection amount after the clearing date, the counter-party bank shall request for correction of errors, and enter a joint agreement by sending a letter requesting for correction of errors, and submit '*other collection transactions*', following the BOT criteria, formats and methods.

Article 35 In case where the paying bank loses the cheque subject for collection after the exchange date at the clearing house, the paying bank shall report to police, and bring the police report as reference for check returns.

Chapter 8

Returned Cheque

Article 36 A member bank shall submit returned cheque data for clearing, according to the BOT formats and methods, to the clearing house on the third working day, with the exchange date inclusive, by the time as set by the BOT.

Cheques, without data submission for returns, shall be regarded as honored cheques, and the sending bank may not accept the returned of those cheques from the paying bank.

The sending bank shall immediately deposit fund to the customer's account on the date acknowledging the collection result, i.e., the third working day, including the exchange date.

Article 37 In case the sending bank receives fewer returned cheques than said in the returned cheque data, the counter-party shall correct the error on the next working day, under the method as said in Article 34.

In case where the sending bank receives cheques of some other banks than the paying bank, it shall immediately send said cheques back to the bank returning the cheques.

Article 38 In exchanging returned cheques, the paying bank shall provide a receipt on returned cheques, and cheque-returning slips, together with reasons for returning. Also, it shall sort returned cheques according to the sending bank, and provide a submission note, with a binding copy to representative of the sending bank as reference.

Article 39 A clearing officer shall prepare returned net clearing position, and notify member banks for verification.

Article 40 The clearing house will gather returned cheques and total amounts according to the returned cheques, together with reasons, i.e., insufficient balances, please contact payee, no agreement with bank, closed account, and payment under receivable instrument. Then, it shall report to the member banks once a month, in order to minimize, or eliminate cheque returns under the above reasons.

Chapter 9

Settlement Arrangement

Article 41 A clearing officer shall prepare the net clearing position for settlement, and notify the member banks for verification.

If the net clearing position is correct, a clearing officer shall certify both debit and credit account balance on clearing position of each bank, and notify the member banks for acknowledgement and performing settlement.

Article 42 The BOT shall arrange for settlement of inter-provincial cheque clearing system on the third working day, including the exchange date, according to the methods and time as set by the BOT.

Article 43 The BOT will debit fund from the member bank, with debit account balance, and credit fund to the member bank, with credit account balance, in the current accounts of member banks at the BOT, equal to the amounts on debit/credit account balance of each member bank, for settlement.

Article 44 In case the member bank with debit account balance has insufficient fund in its current account at the BOT, it shall deposit fund into its account by the stipulated time.

Chapter 10

Service Fees and Fines

Article 45 Member banks of the clearing house shall pay fees as set by the BOT.

Article 46 The clearing house will fine the member bank, whose actions might cause any damage, according to the criteria, methods and conditions as set by the clearing house.

Article 47 Member banks and their representatives, violating the rules and regulations of the clearing house, shall be fined at Baht 200 for each violation.

Article 48 The clearing house may adjust its service fees and fines, with prior notice by no less than one month.

Chapter 11

Miscellany

Article 49 Any member bank, causing errors in sending collection cheques higher than the payable amounts, or collecting from wrong banks, with already be settled in excess of Baht 500,000 per day, shall pay fines equal to the collected amount prorated by the BOT Regulation on Bond Trading under Repurchase Contract B.E. 2545, to the counter-party bank, since the date of incurred damage.

Article 50 To ensure smooth clearing and safety at the clearing house, the

clearing house shall be able to enforce any rules and regulations, which do not contradict this regulation.

Article 51 The BOT shall report fees of inter-provincial cheque collection system, between sending and paying banks, at the rates as agreed among member banks and under approval by the BOT. The Interbank clearing fees shall be debited or credited from the current account of member banks on the seventh of the following month.

Article 52 Should there be any problem concerning the construes of this regulation, it shall be finalized by the BOT. For the announcements, rules and regulations, additionally enforced by the clearing house, the BOT or the clearing house manager shall settle the dispute, as the case may be.

Article 53 A bank applying for inter-provincial cheque collection system, being approved as a member, shall agree to abide itself to, and act in accordance with this regulation, including the rules and regulations enforced thereof.

Chapter 12

Provisional Clauses

Article 54 In the initial period of the inter-provincial cheque collection system, when the application system of a member bank is not in place to operate cheque returns as in Article 38, the BOT may allow the member bank to use a picture of returned cheques for exchange on the third working day, including the exchange date, in lieu of the returned physical cheques. The returned physical cheques shall be exchanged by the stipulated time, on the fourth working day.

This regulation shall be in force from 14th February B.E. 2546 onwards, until changes are made otherwise.

Given on 10th January B.E. 2546

(Signed)

(M.R. Pridiyathorn Devakula)

Governor

Bank of Thailand