

Bank of Thailand
Regulation on Interbank Electronic Cheque Clearing System in Bangkok
BE. 2539

Part 1
General Provisions

Article 1: The regulation on the Interbank Electronic Cheque Clearing in Bangkok dated March 15 B.E. 2522 and all the amendments thereof are hereby rescinded and replaced by this regulation.

Article 2: This regulation will prevail over all other announcements, statutes and regulations in the areas prescribed in this regulation or those that are in conflict or in contradiction to this regulation.

Article 3: The Bank of Thailand will establish an “Electronic Clearing House” in order to implement an interbank cheque clearing system. This will serve as a cheque center where member banks of the Interbank Electronic Clearing House can clear cheques with each other, submit cheque data in order to compute interbank cheque clearing positions, carry on cheque sorting, and carry out other tasks that are related with the interbank cheque clearing system.

Article 4: In this regulation:

“Cheque” means:

(1) A cheque, draft, bill of exchange, promissory note, or other instrument ordering the bank to make payment on demand in Bangkok and a money order.

(2) A bill of exchange, promissory note, or other instrument ordering payment in Bangkok within a specified period of time, with the bank guaranteeing payment and making payment at the stipulated time.

(3) A cheque, draft, bill of exchange, promissory note, or other instrument ordering the bank to make payment on demand in a province or a bill of exchange, promissory note, or other instrument ordering payment in a province within a specified period of time, with the bank guaranteeing payment and making payment at the stipulated time. The drawer bank of this instrument must be a branch of a member bank operating in accordance with this regulation. The Bank of Thailand must have given approval and informed other member banks.

“Clearing House” means the Interbank Electronic Clearing House.

“Member bank” means on-line and off-line members.

“On-line member” means a member that uses computers to send cheque data to the Clearing House via their linked system for input into the interbank electronic cheque clearing system.

“Off-line member” means a member that has the Clearing House input cheque data, using cheques that a bank has sent, into the interbank electronic cheque clearing system.

“Cheque data” means data showing the cheque number, the bank and branch code of the drawee bank, the drawer’s account number, the document type code or the amount cheque published in magnetic ink.

“High-value cheque data” means information on cheques with the amount of money as prescribed by each Member Bank and approved by the Clearing House.

“Cheque batch control data” means data showing the number of cheques, the batch control code, the code and branch of the bank sending the cheques, the batch control number, and the total value of the cheques in the batch control.

“Link system of members” means the computer system and communications network that each member uses to contact the Clearing House.

“Interbank electronic cheque clearing system” means the computer system and communications equipment provided by the Bank of Thailand in order to send and receive cheque data between member banks and the Clearing House, and to process and sort cheques for interbank cheque clearing.

“Codes for security in sending and receiving data” means the codes provided by the Bank of Thailand in order to access the interbank electronic cheque clearing system and to confirm the data sent between member banks and the Clearing House.

“Clearing position” means clearing position computed using cheque and batch control data.

“Preliminary clearing position” means the clearing position prior to adjustments with high-value cheque data that a member bank has refused to pay.

“Working day” means a commercial bank working day.

“Media” means magnetic tape, magnetic disk or any other media used to record data to be read by computer, according to specifications prescribed by the Bank of Thailand.

Article 5: The Bank of Thailand (BOT) will appoint its officials to serve as interbank cheque clearing staff and draft rules and regulations for the Clearing House in order to ensure that clearing operations are carried out in an orderly manner.

Article 6: A member bank will not exchange cheques for interbank cheque clearing with each other or anywhere else but the Clearing House, unless they are approved by the Bank of Thailand.

Article 7: In the event that it becomes impossible to clear accounts in accordance with this regulation, the Bank of Thailand will take action as it seems appropriate to restore interbank cheque clearing.

Article 8: There will be an advisory committee to the Clearing House consisting of 11 members or less, of which no more than 4 members will be appointed by the Bank of Thailand and no more than 7 members will be jointly appointed by member banks.

The duty of this committee is to provide advice and recommendations concerning interbank cheque clearing and to make suggestions for improving the efficiency of the interbank cheque clearing system.

Part 2 Members

Article 9: A bank that seeks membership in the Clearing House must meet the following qualifications:

- (1) It must be a commercial bank under the Commercial Banking Law and,
- (2) It must be a bank established by virtue of a specific law.

To apply for membership, a bank must submit an application to the Bank of Thailand.

Article 10: If a member bank wishes to cancel its membership from the Clearing House, it must submit a written notice to the Bank of Thailand at least one month in advance. The Bank of Thailand will inform other member banks. Membership is cancelled one month from the date of the written notice.

Article 11: A member bank will lose its membership in the following events:

- (1) Inability to make payment as a debtor, or
- (2) Stops paying money or ceases operations for any reason, or
- (3) Intentionally refuses to send a representative to work at the Clearing House by the time scheduled for interbank cheque clearing unless due to force majeure. The Bank of Thailand will make the final decision on whether or not to grant waiver.
- (4) Violate or refuse to comply with regulations which damages the interbank cheque clearing system.

The Bank of Thailand will announce the names of banks whose membership have been withdrawn in order to inform other member banks.

Part 3
Bank Representative

Article 12: Member banks must appoint their employees as representatives to the Clearing House by submitting a list of names and signature samples of the said representatives to the Clearing House for record. The Clearing House must be informed in advance if there is any change.

Article 13: Member bank's representatives assigned to the Clearing House must be authorized by their respective banks to receive security codes to send and receive data, to send and receive cheques that have been sorted together with the reports or data concerned, to take action when items on a cheque transmittal document are corrected, to correct and approve clearing positions on behalf of their bank, and to carry out other tasks related with interbank cheque clearing. They must be present at the Clearing House from 9.30 hours until the daily clearing position is received.

Article 14: Member banks must take full responsibility for the actions of their representatives, and the member bank's representatives must obey the orders of the Clearing House.

Part 4
Transmittal of Cheque Data and Cheques
Section 1
On-Line Members

Article 15: The Bank of Thailand will arrange codes for the safe transmission of data of on-line members as follows:

(1) Initial codes: The Clearing House will provide initial codes in accordance with the method stipulated.

(2) Daily codes: The interbank electronic cheque clearing system will develop daily codes automatically and transmit them to members using the communications network each time that a member contacts the Clearing House.

(3) Data media codes: The Clearing House will provide data media codes in accordance with the methods and times stipulated for use in case of network and communication line failure of member banks.

Members must use the codes provided to maintain security in transmitting data to and from the Clearing House as stipulated in the interbank electronic cheque clearing system user manual. They must keep the codes and their methods of use confidential.

Article 16: On-line members must transmit cheque data and batch control data for interbank cheque clearing using the link system of members. This must be done in

accordance with the forms and methods stipulated by the Bank of Thailand every working day.

Article 17: In transmitting cheque data, on-line members are to compile data for each branch and send the data as a set. Each data set must contain no more than 100 cheques. However, in cases in which a cheque is for 500 million baht or more, the data must be sent for that cheque alone. Batch control data are to be transmitted to control the cheque data for each set.

On-line members may cancel previously sent cheque data within the period stipulated by the Bank of Thailand. In any event, such cancellation must be made for that entire set of cheque data.

Article 18: In transmitting cheque data for amounts totaling 10 million baht or more, on-line members must verify the accuracy of the data transmitted and the report received from the link system of members.

Article 19: Any on-line member wishing to let the Clearing House sorts out data of high-value cheques data in which they are drawees for verification, must submit a written notification of the amount set for high-value cheques to the Clearing House for prior approval. The amount set for high-value cheques must not be below 10 million baht.

In stipulating the amount of high-value cheques, members may make changes by following the same procedures stated in the preceding paragraph.

Members that receive high-value cheque data must verify the data and confirm these with the Clearing House using the methods stipulated within the time specified by the Bank of Thailand.

Article 20: In the event that the link system of members or the communications lines are inoperable and on-line members cannot contact the Clearing House, they must inform the Clearing House. If a member wishes to transmit or receive data using media, it must immediately inform the Clearing House in order to change the status of that member in the interbank electronic cheque clearing system.

Article 21: On-line members must deliver the cheques and batch control forms printed in magnetic ink according to the standards stipulated. They must also send the batch list using the form attached to this regulation and match the data delivered in accordance with Article 16 and must be sent to the Clearing House during the time stipulated by the Bank of Thailand.

Article 22: In delivering cheques, on-line members must do the following:

(1) For all cheques sent, the origination member must mark the cheques in the name of its bank only.

(2) The cheques must be sent in batches. Cheques in each batch must be arranged in order as appeared on the batch listing. However, if a cheque must be removed in order to correct the cheque data, that cheque can be attached at the end of the batch.

(3) Members must prepare a cheque transmittal form using the form attached to this regulation and state the number of cheques and the total amount of cheques in each batch.

Article 23: On-line members must inform the Clearing House of the name, location, and branch at least 7 days prior to delivering cheques for clearing.

Section 2 Off-Line Members

Article 24: The Bank of Thailand will assign codes to off-line members to maintain security in the daily transmission of data media. The Clearing House will send the codes in accordance with the methods and time stipulated.

Off-line members must use these codes as stipulated in the interbank electronic cheque clearing system user manual. They must keep the codes and method of use confidential.

Article 25: Off-line members must send cheques to the Clearing House for clearing on working days during the time stipulated by the Bank of Thailand.

Article 26: In sending cheques, off-line members must send cheques in batches by branch. A batch must not exceed 100 items. However, a cheque, which is for 500 million baht or more, must be sent separately. For each batch of cheques, the batch control and batch list are to be prepared in accordance with the forms attached to this regulation. The cheque data and batch control data are to be printed using magnetic ink according to the standards stipulated.

Article 27: Off-line members are to send and receive high-value cheque data and returned-cheque data using data media.

Article 28: Article 19, Article 22, and Article 23 will be applicable to off-line banks *mutatis mutandis*.

Part 5 Interbank Cheque Clearing Methods

Article 29: The Clearing House will calculate the preliminary clearing position using cheque data transmitted by on-line members and cheques sent by off-line members. It will then inform the member banks within the time stipulated by the Bank of Thailand.

Article 30: When the Clearing House is notified of a refusal of payment on a high-value cheque by a paying bank, that high-value cheque data will be used to adjust the clearing positions. It will inform member banks of the clearing position during the period stipulated by the Bank of Thailand.

Article 31: The Bank of Thailand shall debit or credit member banks' accounts who are debtors or creditors respectively in the deposit account of such member bank with the Bank of Thailand in an amount equal to the balance pursuant to the net clearing positions within the time stipulated by the Bank of Thailand.

If a bank who is a debtor does not have sufficient funds in its deposit account to cover the amount owed in clearing the accounts and the bank cannot deposit sufficient funds into that account by the time stipulated that day, the clearing position will be considered void. The Clearing House will inform all banks and arrange to recalculate the clearing position. Cheque data, having to do with that bank, will be excluded in the calculations. The center will then inform member banks of the revised clearing positions and debit or credit the accounts of member banks accordingly.

Article 32: In verifying the number of cheques and the total amount of cheques sent by member banks, the Clearing House will compare the data obtained from the reader/sorter machine with the data on the batch control form. If there is a mismatch of data for a particular batch, the data will be compared with the cheque batch list. It will then inform the sending bank of the cheque numbers, the amount under or over for each cheque, and the total amount.

Article 33: The Clearing House will compare the cheque data in articles 29 and 32 and send a report to the sending banks for their information. The report will also be sent to the receiving banks for use in verifying the cheques received.

Article 34: Member banks may receive cheques sorted by bank along with the reports concerned during the period stipulated by the Bank of Thailand, or they may receive cheques sorted by branch and account together with the desired details concerned by the time stipulated by the Bank of Thailand.

Article 35: In the event that a receiving bank does not receive all the cheques that it was supposed to, the other bank that is a party to the transaction must correct the mistake within 10:00 hours of the next working day after the accounts are clear.

In the event that the sending bank sends cheques in excess of the cheque data, the receiving bank must inform the sending bank and return those cheques to the sending bank's representative at the Clearing House. This must be done by 12:00 hours of the next working day after the accounts are cleared.

If a bank receives a cheque other than its own from the Clearing House, it must inform the Clearing House by 10:00 hours on the next working day after the accounts are cleared. The Clearing House will immediately inform the member banks concerned.

Article 36: In correcting mistakes made in clearing accounts, the two member banks concerned must inform the Clearing House in writing within 30 days after the accounts are cleared in order to debit or credit their account for the amount specified. Once the Clearing House has been informed, the Bank of Thailand will debit or credit the accounts of those banks.

In the event that one of the banks concerned submits a letter to the Clearing House requesting for correction and informs the other bank, but the other bank does not correct the mistake, the bank requesting the adjustment must send a copy of the evidence of the error to the Clearing House. The Clearing House will inform the other bank concerned and provide it with a copy of the evidence provided by the bank making the request. The other bank must make the correction or file a protest within 2 working days. If the bank does not comply within the time stipulated, that will be construed to mean that it accepts the fact that a mistake was made, and the Bank of Thailand will immediately debit or credit the accounts of those banks for the amount of money specified in the letter sent to the Clearing House.

Part 6

Method of Returning Cheques

Article 37: For cheques that must be returned because of interbank cheque clearing on a particular day, the bank returning the cheques must send data on the returned cheques in order to clear the accounts. This must be done using the forms and methods stipulated by the Bank of Thailand. The data must be submitted to the Clearing House during the period stipulated by the Bank of Thailand on the following working day. An exception is for data on high-value cheques that paying banks refused to pay on the day of demand.

Cheques whose cheque data for return have not been sent in accordance with the first paragraph shall be deemed to have been paid and the receiving bank may or may not accept those cheques from the returning bank.

The returning bank may cancel cheque data on return cheques that have already been sent, on the date in which the cheque data was sent, within the time stipulated by the Bank of Thailand.

Article 38: The Clearing House will calculate clearing positions based on the returned cheque data, inform member banks, and provide them with the returned cheque data at the time stipulated by the Bank of Thailand.

Article 39: The Bank of Thailand will debit the deposit account of the debtor bank at the Bank of Thailand and credit the deposit account of the creditor bank at the Bank of Thailand for the amount of money owed or owing based on the returned-interbank cheque clearing positions. This will be done by the time stipulated by the Bank of Thailand.

If a member bank that owes money on returned cheques does not have sufficient funds on deposit with the Bank of Thailand to cover the amount of the returned cheques and it is unable to transfer funds into the account by the time stipulated in paragraph 1, the clearing of the account the previous working day will be considered null and void. The Clearing House will inform all banks and ask all banks to send representatives to the Clearing House at 13:00 hours that day in order to return to each other all cheques cleared the previous working day. After all the banks have returned the cheques, the Clearing

House will immediately arrange to recalculate the clearing positions without including the cheque data submitted by the bank that is unable to pay the balance owed. It will then inform the member banks of the revised clearing positions and debit or credit their accounts.

Article 40: For cheques that must be returned from interbank cheque clearing on a particular day, the bank returning the cheques must exchange them at the Clearing House during the time stipulated by the Bank of Thailand on the next working day.

Article 41: A bank returning cheques must prepare a cheque-return form, which must state the reason for returning the cheques, and send it with the returned cheques to the receiving bank.

In returning cheques, the bank returning the cheques must prepare a returned-cheque receipt form and returned-cheque transmittal form, using the forms attached to this regulation, and send these forms together with the cheques to the member bank receiving the returned cheques.

Article 42: A bank returning cheques must keep high-value cheques on which payment has been denied separate from other returned cheques and prepare a (high-value cheque) cheque-return form which must state the reason for returning the cheque, together with a returned high-value cheque receipt form and returned high-value cheque transmittal form according to this regulation, then send them with a returned high-value cheque to bank receiving the returned cheques.

Article 43: The representative of the bank receiving the returned cheques must cheque the special markings of his bank and immediately examine the number of cheques, the amount of the cheques, and the returned-cheque transmittal form sent by the bank returning the cheques. Once he has verified that everything is in order, he must sign and stamp the copy of the returned-cheque transmittal form and return this to the representative of the bank returning the cheques. He must also sign the returned-cheque receipt form and send it to the Clearing House.

Article 44: Bank representative receiving returned cheques must examine the returned cheques and the returned cheque data report of the Clearing House.

Article 45: In the event that one of the banks concerned identifies a mismatch between returned cheques and the returned-cheque data, that bank must ask for the error correction by 14:00 hours. Article 35 is applicable to this mutatis mutandis.

Article 46: For returning cheques to bank that are non-members of the Clearing House, cheques must be returned through a member bank serving as its representative in demanding payment using the methods stipulated in this part.

Article 47: The Clearing House will total the number of cheques and the amount of cheques returned for the following reasons: "Insufficient funds", "Refer to drawer". "Not arrangend for", "Account has been closed", and "Still waiting demand for collection". It will inform member banks of this once a month so that member banks can take action to ensure that the number of cheques returned for such reasons are reduced.

Part 7 Arbitration

Article 48: A three-person Arbitration Committee shall be established to resolve disputes concerning interbank cheque clearing pursuant to this regulation.

The Bank of Thailand and member banks will each be allowed to appoint one member to the Arbitration Committee. Two members of the Arbitration Committee will appoint an outsider to serve as a neutral member in the Arbitration Committee.

Whenever a dispute arises concerning interbank cheque clearing pursuant to this regulation, the banks party to the dispute must submit the matter to the Arbitration Committee for a decision.

Disputes must be considered and resolved pursuant to the Arbitration Law.

Part 8 Membership Fee, Fees, Expenses, and Fines

Article 49: Banks that have been granted membership to the Clearing House must pay a joining fee of 1,000,000 baht. This joining fee shall be deducted by the Bank of Thailand from the deposit accounts that these banks maintain with the Bank of Thailand.

Article 50: Member banks must pay fees or expenses for the following as stipulated by the Bank of Thailand:

(1) For the use of the interbank electronic cheque clearing services and for the sorting of cheques by bank, branch, and account.

(2) For the use of space belonging to the Clearing House.

(3) For the correction of cheque data by the Clearing House when the reader/sorter machine is unable to read the data.

Article 51: Any member bank

(1) delivers cheques to the Clearing House for interbank cheque clearing later than the time prescribed in Article 21 and 25 for over 10 minutes, the Bank of Thailand shall fine the bank by branch that are in delay of delivering cheques. 1000 baht for the first 10 minutes from the expiration of the prescribed cheque delivering period and 200 baht per branch per minute for the subsequent minutes, or

(2) delivers cheque data later than the time prescribed in Article 16 for over 10 minutes, the Bank of Thailand shall fine that bank 1,000 baht per minute from the expiration of the prescribed cheque delivering period, except due to force majeure or the

malfunction of the link system of members, the interbank electronic cheque clearing system or communication, and the Bank of Thailand has considered and deemed proper not to fine, or

(3) delivers cheque data for interbank cheque clearing , then cancel due to errors or discrepancies on the data transmitted , the Bank of Thailand shall fine that bank 10 baht per set , or

(4) transmits cheque data demanding payment in excess of the total amount of the cheques sent to the Clearing House, demands payment on postdated cheques, demands payment from the wrong bank, or submits cheques totaling 500,000 bath or more that do not meet the criteria stipulated in Article 4 of this regulation and requests the Clearing House to make a correction on the next working day following the clearing of accounts or at some later date. The Bank of Thailand shall fine that bank according to the number of such cheque at 200 baht per item, or

(5) delivers cheque data with discrepancies and the counter party has made a request for correction with the Clearing House in excess of 5 items on any working day, the Bank of Thailand shall fine the bank delivering such cheque data 100 baht per item, or

(6) refuses to make payment according to the data of high-value cheque for which there has later been a correction on the clearing position, the Bank of Thailand shall fine the bank for erroneously refusing to make payment according to the number of such cheques at 200 baht per item , or

(7) returns cheques for the following reasons, “Insufficient funds”, “Refer to drawer”, “Not arranged for”, or other reasons stipulated by the Bank of Thailand, the Bank of Thailand shall fine that bank according to the number of cheques returned for the said reasons at 10 baht per item.

Fines in accordance with the first paragraph will be debited by the Bank of Thailand from the bank account of that bank at the Bank of Thailand.

Fines in accordance with the first paragraph (1), (2) and (5) will be used for the 5benefits of the Clearing House.

Article 52: Any member bank or member bank’s representative, acting in violation of this regulation or any other rules or regulations of the Clearing House, will be fined by the Bank of Thailand 200 baht per violation by debiting such fines from that bank’s account at the Bank of Thailand.

Article 53: The Bank of Thailand may change the membership initiation fee or fines under this part by notifying member banks at least one month in advance.

Part 9

Miscellaneous Provisions

Article 54: A bank must pay a fine equal to the amount demanded times the bond-guaranteed loan interest rate stipulated by the Bank of Thailand if it demands payment on cheques in excess of the total amount of the cheques sent to the Clearing House, demands payment on post-dated cheques, or demands payment from the wrong bank, have cheques that do not meet the criteria stipulated in Article 4 of this regulation and total 500,000 baht or more, and have a correction request submitted to the Clearing House the day after the accounts were cleared or thereafter. This fine must be paid to the bank that received the cheques, with the fine calculated from the day the money was demanded.

Article 55: The receiving bank of data for high-value cheques that had already been refused payment and later a correction of clearing position was made, shall pay a fine for that amount, the payment of which has been refused, to the sending bank of data of high-value cheques commencing from the date of refutation according to the bond-guaranteed loan interest rate stipulated by the Bank of Thailand.

Article 56: If the number of cheques counted by the Clearing House's reader/sorter machine is less than the number stated on the batch control form of the sending bank and it turns out that cheques have been lost, the sending bank must take action on lost cheques and immediately inform the paying bank in order to stop payment on those cheques.

If cheques received by the Clearing House are lost prior to being turned over to the receiving bank, the Clearing House will take action on those cheques and inform the paying bank in order to stop payment on the cheques. It will also inform the sending bank so that the bank can contact its customers.

In cases in which the Clearing House has already turned over the cheques to the receiving bank and it is later discovered that cheques are missing, the receiving bank must take action on the lost cheques and immediately inform the sending bank so that it can contact its customers. The bank must also inform the Clearing House.

Article 57: In operating the interbank electronic cheque clearing system, the Bank of Thailand will take responsibility for all usual and ordinary losses. It will not, however, be responsible for special damage occurring under any circumstance or damage caused by technical failures of the interbank electronic cheque clearing system or the link system of members.

Article 58: If a cheque is torn by the reader/sorter, the Clearing House will notify the receiving bank in writing.

Article 59: The Bank of Thailand may change any of the times stipulated in this regulation as necessary and appropriate. It will inform member banks well in advance.

Article 60: Banks that are a current member of the Clearing House, or that have applied for membership and whose application has been approved, have in effect agreed to

be bound by and act in accordance with this regulation, the rules and regulations of the Clearing House, and the decisions of the Bank of Thailand and the arbitrators.

Article 61: If any problems arise concerning the interpretation of this regulation or the rules and regulation of the Clearing House, the Bank of Thailand will make the final decision.

Article 62: The Bank of Thailand can abolish the Clearing House whenever it sees appropriate, but it must inform member banks of this in writing at least 6 months in advance.

Part 10 Temporary Provisions

Article 63: The Bank of Thailand and other banks that are members of the Clearing House pursuant to the 15 March B.E. 2522 Regulation on Interbank Cheque Clearing are to be considered members of the Clearing House pursuant to this regulation.

Article 64: Bank representatives who were appointed pursuant to the 15 March B.E.2522 Regulation on Interbank Cheque Clearing are to be considered bank representatives appointed pursuant to this regulation until changes are made.

Article 65: Initially, the Bank of Thailand may stipulate that Articles 37, 38, and 44 in Part 6 are not to be used in returning cheques between member banks until the time is right and the Bank of Thailand notifies member banks. During this period, the Bank of Thailand will stipulate methods for returning cheques and stipulate new times pursuant to Articles 39 and 40 in line with the clearing of returned cheques at that time.

This Regulation shall become effective from July 16, B.E. 2539.

Issued on the 12th day of July, B.E. 2539

- Signature -

Mr. Rerngchai Marakanond
Governor
Bank of Thailand