



PHILIPPINE CLEARING HOUSE CORPORATION

Memo Circular No. 3866

February 17, 2025

T O : All Clearing Banks/Institutions

R E : AMENDMENTS TO THE CICS RULES AND REGULATIONS

1. We are pleased to announce the availability of the Revised CICS Rules and Regulations (CICS RR) which now include the Board-approved amendments outlined in OM No. 25-051.

2. To assist participants in their task of disseminating information and raising awareness about the new and revised provisions of the rules, which will take effect on March 1, 2025 (unless previously addressed by earlier issuances), we have summarized the key changes below:

2.1. Retention of the Physical Original Check or POC (Section 12 of the Revised CICS RR)

2.1.1. Required retention period of the POC by the Presenting Bank is now 180-days in contrast to the previous 12-months requirement

2.1.2. Three (3) allowed reasons for Drawee Bank to request custody of the POC

2.1.2.1. Litigation Court Order

2.1.2.2. Fraud Investigation

2.1.2.3. Examination of POC to confirm duplication/counterfeiting or whether it bears alteration or forged endorsement or forged signature

2.1.3. If Presenting Bank is unable to produce the POC when requested by the Drawee Bank, course of action shall be determined by the Drawee Bank

2.2. Additional Reason for Return (Section 18 & 27 of the Revised CICS RR)

2.2.1. Return Reason Code 'E' (Use of non-prescribed Date Format or Writing of Symbols or Marks or other details before and/or after Amount in Figures) shall be deployed when the moratorium on non-acceptance of checks with special characters/marks/symbols on Amount in Figures and/or inappropriate Date of Issue Format will expire at the end of June 2025.

2.3. Special Returns (Section 19 of the Revised CICS RR)

2.3.1. Cleared items may be returned beyond the prescribed period but within the 180-days retention period via Transmittal Letter for the following reason:

2.3.1.1. Alteration (where alteration is not visible)

- 2.3.1.2. Counterfeit (where counterfeiting is not obvious)
- 2.3.1.3. Duplicate Items (exceptions where Drawee Bank may claim reimbursement from the Presenting Bank:
 - 2.3.1.3.1. From one and the same Presenting Bank
 - 2.3.1.3.2. Duplicate payment to a Counterfeit Check

2.4. Flaws Not Considered as Technical Defect/s (Section 2 & 21 of the Revised CICS RR)

- 2.4.1. The following are not part of Technical Defect/s:
 - 2.4.1.1. Counterfeit (where counterfeiting is not obvious)
 - 2.4.1.2. Alteration (where alteration is not visible)
 - 2.4.1.3. Missing Drawer Signature

2.5. Special Clearing of Returns (Section 22 of the Revised CICS RR)

- 2.5.1. Acceptance by the Presenting Bank is mandatory if:
 - 2.5.1.1. Presenting Bank has been informed of additional returns via direct presentment before the 10:00 AM release of float
 - 2.5.1.2. Drawee Bank must have a written acknowledgment from the Presenting Bank of the advisory of additional return via direct presentment; OR
 - 2.5.1.3. SCR must be signed by the Authorized Signatory of the Presenting Bank

2.6. Ping-Pong Special Clearing Receipt or Charge Slip (Section 24 of the Revised CICS RR)

- 2.6.1. Return/non-acceptance of Charge Slip intended for returns which acceptance is mandatory for the Presenting Bank (e.g. Technical Defect) and/or presentment of Special Clearing Receipt not signed/no written acknowledgment from the Presenting Bank are considered unauthorized transactions which should not be part of the clearing results settled at PhilPaSS^{Plus}, and as such considered as violation of the Check Clearing Rules:
 - 2.6.1.1. Violator shall be penalized by PCHC
 - 2.6.1.2. PCHC shall reverse such unauthorized transaction/s

2.7. Dispute Settlement (Section 36 of the Revised CICS RR)

- 2.7.1. Only the following claims of the Drawee Bank can be filed at the PCHC for arbitration:
 - 2.7.1.1. Counterfeit
 - 2.7.1.2. Duplicate
 - 2.7.1.3. Forged Endorsement/No Endorsement
 - 2.7.1.4. Alteration
 - 2.7.1.5. Technical Defects

- 2.7.1.6. POC not produced by the Presenting Bank when requested by the Drawee Bank
 - 2.7.2. Modes of Dispute Settlement shall be:
 - 2.7.2.1. Mediation
 - 2.7.2.2. Arbitration
- 3. A link has been provided to designated Liaison and Clearing Officers of participant banks via e-mail for them to be able to view/download a copy of the Revised CICS RR.
- 4. For any concern regarding access to the Revised CICS RR, you may get in-touch with the Service Help Desk (philclear@pchc.com.ph) for assistance.
- 5. The **Revised Arbitration Rules of Procedure** (Part II of the CICS RR) shall be published separately.


EMMANUEL E. BARCENA
President & CEO