

Bank of America's Cheque Collection Policy ("CCP")

Section I- Introduction

Bank of America's Cheque Collection Policy ("CCP") is a reflection of our on-going efforts to provide better service to our customers and set higher standards for performance. The Policy is based on principles of transparency and fairness in the treatment of customers. The Bank is committed to increased use of technology to provide quick collection services to its customers. This Policy covers the following aspects:

- Collection of cheques payable at centres within India and abroad
- Policy on payment of interest in cases where the Bank fails to meet time frames for realization of proceeds
- Time frame for collection of local/outstation cheques
- Our policy on dealing with collection instruments lost in transit

This policy does not cover those corporate customers of the Bank who have entered into specific arrangements with the Bank for cash management; for such customers, the terms of their specific agreements would govern such arrangements.

Section II- Arrangements for Collection

Local cheques

All cheques drawn on Bank of America locations and payable locally would be presented through the clearing system prevailing at the centre. All such cheques which are payable under Speed Clearing would be presented through the local clearing system prevailing at the centre. Cheques deposited at branch counters before the specified cut-off time of the respective branch will be presented for clearing on the same day. Cheques deposited after the cut-off time will be presented in the next working day's clearing cycle. The cut off timings varies from branch to branch and the applicable cut off timing is displayed in branches for the benefit of customers.

As a policy, Bank would give credit to the customer account for local cheques on the same day on which clearing settlement takes place and the Bank's account with the clearing house is credited. The customer would be allowed to utilise the credit only after the return time has elapsed in the respective clearing centres.

Charges will be applicable on the clearing of local cheques as defined from time to time in the Schedule of Charges for each of the products, in line with RBI regulations/directives. The schedule of charges is displayed on the Bank's website for the benefit of customers.

Outstation cheques

All cheques deposited with Bank of America that cannot be cleared in the local clearing house are classified as outstation locations. Where the Bank does not have a branch of its own, the instruments payable at non-Bank of America locations would be directly sent for collection to the drawee bank or collected through a correspondent bank. Branch cut-off timings applicable for Outstation cheques would be the same as those for local cheques. As per RBI regulation, the timeframe for collection of outstation cheques drawn on state capitals/major cities/other locations shall be 7/10/14 days respectively.

If funds, and/or the related information, have not been received by Bank of America from the drawee bank so as to enable Bank of America to credit the customer account with the funds within 7/10/14 business days, Bank of America will inform such customers via email, registered post, etc so that they may take action against and receive due compensation from the parties other than Bank of America, who are responsible for the delay.

Charges will be applicable on the clearing of outstation cheques as defined from time to time in the Schedule of Charges for each of the products, in line with RBI regulations/directives. The schedule of charges is displayed on the Bank's website for the benefit of customers.

Cheques payable in foreign countries

Cheques payable outside of India, where the Bank has branch operations (or banking operations through a subsidiary) will be collected through that branch. The services of correspondent banks will be utilized in countries/centres where the correspondent has a presence. Cheques drawn on foreign banks at centres where the Bank or its correspondents do not have direct presence will be sent directly to the drawee bank with instructions to credit proceeds to the respective Nostro Account of the Bank maintained with one of the correspondent banks.

Charges will be applicable on the clearing of cheques payable in foreign countries as defined from time to time in the Schedule of Charges for each of the products, in line with RBI regulations/directives. The schedule of charges is displayed on the Bank's website for the benefit of customers.

Non-CTS-2010 Standard Cheques

The Reserve Bank of India has separate clearing for CTS-2010 standard and non-CTS-2010 standard cheques. A separate clearing session has been introduced in the three CTS centers (Mumbai, Chennai and New Delhi) for clearing non-CTS 2010 instruments. This separate clearing session operates once-a-week (every Monday).

In view of the above, clients should deposit CTS-2010 standard and non-CTS-2010 standard cheques under separate deposit slips with Bank of America. Non CTS standard cheques incorrectly included under the CTS deposit slip may be returned by drawee banks under reason code '37-Present in proper zone'.

Account Payee Cheques

The cheques drawn as 'Account Payee' will be credited to the beneficiary's account only and will neither be encashed unless 'Account Payee' marking is cancelled and authenticated by the drawer, nor be credited to any third party account.

Cheque Returns

In case a cheque accepted for collection and presented by Bank of America is returned unpaid, the Bank will inform you via email, registered post, etc and immediately debit the value of the cheque to customer account. The Bank will hand over or dispatch the return cheque on the basis of the arrangement with the customer along with return memo within two working days from the date of debit.

- i. Cheque return charges shall be levied only in cases where the customer is at fault and is responsible for such returns. The illustrative, but not exhaustive, list of returns, where the customers are not at fault are indicated in **Annexure- I**.
- ii. Cheques presented by Bank of America that need to be re-presented without any recourse to the payee, shall be made in the immediate next presentation clearing not later than 24 hours (excluding holidays) with due notification to the customers of such re-presentation through email, registered post etc.

Section III– Bank’s Compensation Policy**Payment of Interest for delayed Collection of Local Cheques**

For local cheques, credit and debit shall be given on the same day on which clearing settlement takes place and the Bank’s account with the clearing house is credited. The customer would be allowed to utilise the credit only after the return time has elapsed in the respective clearing centres.

For any delay by Bank of America in giving credit beyond the above mentioned time frame, attributable to Bank’s operational processes, Bank of America would compensate the customer as below. The interest shall be paid without any demand from customers. However, the Bank will not be liable for compensation if clear funds are delayed due to unavoidable circumstances, not in Bank’s control, such as riots, bandh, delay in return presentation by drawee bank, etc.

1. Savings Bank rate for the period of delay, where the delay is upto 2 days beyond the stipulated period.
2. Where the delay is beyond 2 days interest will be paid at the rate applicable for Term Deposit for the respective period as the period of delay.
3. In case of extraordinary delay, i.e. delays exceeding 5 days, interest will be paid at the rate of 2% above the corresponding Term Deposit rate.

Payment of Interest for delayed Collection of Outstation Cheques

As part of the compensation policy of the Bank, the Bank will pay interest to its customers on the amount of collection instruments in case there is delay in giving credit beyond timeframe for collection of outstation cheques drawn on state capitals/major cities/other locations of 7/10/14 days respectively. There shall be no distinction between instruments drawn on the Bank’s own branches or on other banks for the purpose of payment of interest on delayed collection.

For any delay by Bank of America in giving credit beyond the respective periods of 7/10/14 business days, attributable to Bank’s operational processes, Bank of America would compensate the customer as below. The interest shall be paid without any demand from customers.

1. Savings Bank rate for the period of delay in collection of outstation cheques. This rate will be applicable where the period of delay is up to 14 days beyond the stipulated period
2. Where the delay is beyond 14 days interest will be paid at the rate applicable for Term Deposit for the respective period as the period of delay
3. In case of extraordinary delay, i.e. delays exceeding 90 days, interest will be paid at the rate of 2% above the corresponding Term Deposit rate

At locations where the Bank has no branches, the instrument would be directly sent for collection to the drawee bank or collected through a correspondent bank. On account of any unjustified delays on part of the drawee bank or correspondent bank in sending the proceeds to the Bank of America, Bank of America would not be liable to pay any compensation to the customer, beyond 14 working days. Bank would share/notify customers on demand, of the cheques that are delayed by the drawee banks.

Section IV– Immediate Credit of Outstation Cheques deposited by Individual customers

For Individual account holders, branches of the Bank will provide immediate credit for outstation cheques up to the aggregate value of Rs. 15,000/- tendered for collection by individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months. This facility of immediate credit will be provided only upon a specific request made by the customer.

In the event of dishonor of cheque against which immediate credit was provided, interest shall be recoverable from the customer for the period the Bank remained out of funds at the Bank’s MCLR for the corresponding tenor.

For the purpose of this Policy, a satisfactorily conducted account shall be the one:

1. Opened at least six months earlier and complying with applicable KYC norms
2. Conduct of which has been satisfactory and Bank has not noticed any irregular dealings
3. Where no cheques / instruments for which immediate credit was afforded returned unpaid for financial reasons
4. Where the Bank has not experienced any difficulty in recovery of any amount advanced in the past including cheques returned after giving immediate credit

Section V - Cheques lost in transit/in clearing process or at paying bank's branch

In the event of a cheque that was accepted for collection has been lost in transit or in the clearing process or at the paying bank's branch, the Bank shall bring the same to the notice of the account holder within one day of gaining knowledge of the loss. This can enable the account holder to inform the drawer to record stop payment and also ensure that the cheques, if any, issued by him/her are not dishonored due to non-credit of the amount of the lost cheques/instruments. The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

In line with the Bank's Compensation Policy (Section III above) the Bank will compensate the account holder in respect of instruments lost in transit in the following way (without requirement of customer raising a demand):

1. In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7/10/14 days as the case may be), interest will be paid for the period exceeding the stipulated collection period at the rates specified above in the Bank's Compensation Policy (Section- III).
2. The Bank will also compensate the customer for any reasonable bank charges (upto INR five hundred) he/she incurs in putting in place the Stop Order for the lost cheque/ instrument or getting duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a bank/ institution who would charge a fee for issue of duplicate instrument

Section VI- Force Majeure

The Bank is not liable to compensate customers for delayed credits due to causes beyond its reasonable control including acts of God, industrial disputes, war, act of public enemy, acts of terrorism, blockade, revolution, riot, insurrection, civil commotion, lightning, storm, flood, fire, earthquake, explosion, embargo, or anything done or not done by a government or public authority including, but not limited, to change in applicable law for the time being in force, or any external disruption caused to the supply of electricity, internet, or other means of communication.

Section VII – Additional Notes

1. All cheques should be deposited within the stipulated cut-off timings of the respective branch in which deposit is being made.
2. All references to days taken for realization, cheque return, etc implies "Business days".
3. The Bank has the right to debit the Customer's account for any credits passed to it prior to receipt of clear funds from the drawee bank and for dishonored cheques, which may be intimated to it even after the Customer's account has been credited. The Bank need not obtain the customer's consent for such debits. The Bank on receipt of dishonoured cheques will dispatch them to the customer within one day of the Bank receiving such cheques, along with the return reason code on the return memo/objection slip as received from the paying bank. Customers requiring cheque collections on a regular basis or requiring specific cash management services including detailed MIS can enter into a mutually agreeable arrangement with the Bank for the same in which case the terms of the specific agreements would govern such arrangements.

4. All collections for cheques deposited by a customer drawn on non-Bank of America branch locations in India would be further subject to the Uniform Rules for Collections, ICC Publication number 522 where those rules are not contradicting any of the points stated hitherto.
 5. As required under RBI guidelines, the Bank would be reporting all incidences in respect of each dishonoured cheque for amount of Rs. 10 million and above as a part of bank's MIS on constituents to its senior management.
 6. Since frequent dishonour of cheques of any value is also a matter of concern and reflects misconduct on the part of the account holder, the Bank may decide to deal with such accounts in appropriate manner as it deems fit, including initiating closure of such accounts with prior notice to the customer.
-

Annexure-I: Technical return reasons

Illustrative but not exhaustive list of objections where customers are not at fault:

Code No.	Reason for return
33	Instrument mutilated; requires bank's guarantee
35	Clearing House stamp/date required
36	Wrongly delivered/not drawn on us
37	Present in proper zone
38	Instrument contains extraneous matter
39	Image not clear; present again with paper
40	Present with document
41	Item listed twice
42	Paper not received
60	Crossed to two banks
61	Crossing stamp not cancelled
62	Clearing stamp not cancelled
63	Instrument specially crossed to another bank
67	Payee's endorsement irregular/requires collecting bank's confirmation
68	Endorsement by mark/thumb impression requires attestation by Magistrate with seal
70	Advice not received
71	Amount/Name differs on advice
72	Drawee bank's fund with sponsor bank insufficient(applicable to sub-members)
73	Payee's separate discharge to bank required
74	Not payable till 1stproximo
75	Pay order requires counter signature
76	Required information not legible/correct
80	Bank's certificate ambiguous/incomplete/required
81	Draft lost by issuing office, confirmation required from issuing office
82	Bank / Branch blocked
83	Digital Certificate validation failure
84	Other reasons-connectivity failure
87	'Payee's a/c Credited' - Stamp required
92	Bank excluded