

## Bank of America, N.A. India - Cheque Collection Policy

### Section I- Introduction

This document covers the Cheque Collection Policy (“CCP” or “the Policy”) of Bank of America, N.A. (referred hereafter as “the Bank”) which is applicable to its branches operating in India. The CCP is a reflection of the Bank’s on-going efforts to provide better service to its 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 centers 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 / foreign currency cheques
- Loss of collection instruments 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. The terms of their specific agreements would govern such arrangements for such customers.

### Section II- Arrangements for Collection

#### Local cheques

All cheques drawn on the Bank’s India locations and payable locally would be presented through the clearing system prevailing at the location of the Bank’s branch where it is presented at. The cheques deposited at branch counters before the specified cut-off time of the respective branch will be presented for clearing on the same day. The cheques deposited after the cut-off time will be presented in the next business day’s clearing cycle. The cut off timings varies for each branch and the applicable cut off timing is displayed in branches for the benefit of customers.

As a policy, the 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 utilize the credit only after the return time has elapsed in the respective clearing centers.

The 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 India website for the benefit of customers.

#### Outstation cheques

All cheques deposited with the Bank 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 locations would be directly sent for collection to the drawee bank or collected through a correspondent bank. The 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 the Bank from the drawee bank so as to enable the Bank to credit the customer account with the funds within 7/10/14 business days, the Bank will inform the customers via all possible means including telephone and electronic media so that they may take action against and receive due compensation from the parties other than the Bank who are responsible for the delay.

To enhance fast and cheap realisation of funds to customers as compared to traditional mechanisms, Cheque Truncation System (CTS) was implemented in three grids New Delhi, Chennai, and Mumbai. Each grid provides processing and clearing services to all the banks under its respective jurisdiction. Effective October 13, 2023, under the “One Nation, One Grid” project, the three CTS grids are merged to create a single grid for the nation. Single grid shall benefit customers with faster clearing cycle and realisation of outstation cheques.

The 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 as displayed on the Bank’s India website for the benefit of customers.

### **Foreign Currency Cheques**

The Bank will accept foreign currency cheques at Bank’s branch counters within the respective cut-off times. The cheques drawn on foreign banks will be cleared using correspondent banking partners of the Bank. The timelines for processing may vary from country to country as well as within regions within a specific country. For cheques denominated in USD specifically, Bank avails “Cheque 21” facility from our correspondent bank and the credit is received in the nostro account which the Bank maintains with our correspondent bank. For other currencies, physical instruments are sent for clearing to our correspondent bank branches.

The Bank cannot guarantee the performance of the overseas correspondent bank for timely clearing and crediting the proceeds of the cheques sent to them for clearing. However, as a policy, the Bank will pass credit to customer on the first business day following the day after which we receive payment in our nostro account. The Exchange Rate prevailing as on the date of application of fund and credit to customer account will be applied.

The Bank may charge back any items at any time. The customer will bear all risk of return, including without limitation the risk of late returns and fraudulent items. The exchange rate risk in such instances will be borne by the customer.

### **Non-CTS-2010 Standard Cheques**

Banks have been advised to issue only CTS 2010 standard compliant cheques from September 30, 2012. Non-CTS cheques were discontinued with effect from December 31, 2018. Banks have been advised to withdraw the non-CTS cheques from the customers. However, non-CTS cheques remain to be valid as a negotiable instrument.

In view of the above, clients should deposit only CTS-2010 standard compliant cheques. As of now, non-CTS cheques cannot be presented in CTS.

### **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 the Bank is returned unpaid, the Bank will inform by all possible means including electronic channels, to the customer on his latest contacts available on its records 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 business days from the date of debit.

- i. The 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. The cheques presented by the Bank that need to be re-presented without any recourse to the payee, shall be re-presented 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 utilize the credit only after the return time has elapsed in the respective clearing centers.

For any delay by the Bank in giving credit beyond the above mentioned time frame, attributable to Bank’s operational processes, the Bank would compensate the customer at the prevailing Savings Bank rate for the period of delay, where the delay is beyond the stipulated period. 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.

#### **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 the Bank in giving credit beyond the respective periods of 7/10/14 business days, attributable to Bank’s operational processes, the Bank would compensate the customer at the prevailing Savings Bank rate for the period of delay, where the delay is beyond the stipulated period. The interest shall be paid without any demand from customers.

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, the Bank would not be liable to pay any compensation to the customer, in case the proceeds are received beyond 14 business days. Bank would share/notify customers on demand, of the cheques that are delayed by the drawee banks.

#### **Payment of Interest for delayed credit for Foreign Currency cheques / instruments sent on collection basis**

In the event of delays in crediting the funds as per the defined timelines under Bank’s cheque collection policy, compensation will be paid in Indian Rupee to customers at the prevailing Savings Bank rate for the period of delay, where the delay is beyond the stipulated period.

### **Section IV - 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 accountholder 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) that they may incur 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 V– Force Majeure

The Bank is not liable to compensate customers for delayed credits due to causes beyond it's 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 VI – 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. imply "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. As required under RBI guidelines, the Bank would be reporting all incidences of each cheque for amount of INR 10 million and above, drawn by the customer on his account and which is dishonored for any reason, as a part of the Bank's MIS on constituents to its senior management.
5. 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:

<b>Code No.</b>	<b>Reason for return</b>
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