

# Policy

## Cheque Collection

Current Effective Date: Feb 2024

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## 1. Summary or Rationale

JPMorgan Chase Bank N.A., a scheduled commercial bank under the Reserve Bank of India Act, 1934 acting through its branches in India (hereinafter referred to as “JPMCB India”), currently offers commercial banking products and services only to the corporate segment i.e., multi-national corporates as well as local Indian companies. As of now, JPMCB India does not have a retail presence and hence no retail transactions for individuals are undertaken.

JPMCB India is a direct member of the local clearing houses where it has its own branches as well as RBI’s electronic payment platforms i.e., RTGS and NEFT.

As a part of its transaction banking services JPMCB India provides its corporate customers, the facility to deposit local and outstation cheques for clearing.

JPMCB India’s Cheque Collection Policy has been prepared in compliance with RBI circulars issued with respect to collection of cheques, namely, DBOD.No.Leg.BC.55/09.07.005/2004-05 November 1, 2004 and DPSS.CO.No.453/03.05.06/2007-08, September 17, 2007. For the sake of clarity, these have been quoted wherever necessary, throughout this policy document.

Under this policy, prepaid instruments like Pay orders, Demand Drafts, Interest / Dividend warrants shall be treated on par with cheques.

This policy only deals with JPMCB India’s corporate customers and addresses the needs of this client segment for normal collections. As and when, JPMCB India enters the retail banking business, this policy will be amended to address the interest of small depositors adequately and in compliance with the directives issued in this regard.

As JPMCB India has only 4 branches in India, the above mentioned cheque collection facilities are provided to corporate customers by way of arrangements with correspondent banks.

This policy applies to the Bank from the date of approval at its Management Committee and is subject to review annually. The gap between two reviews should not be more than 12 months. It may also be reviewed as and when felt necessary by the Management Committee.

## 2. Policy Statements

- [Credit of Local / Outstation / Foreign Cheques](#) – This section includes the information on Credit of various cheques including local and outstation cheques
- [Timeframe for Collection of Local / Outstation / Foreign cheques](#) – This section covers the time frame fixed by JPMCB India for collection of local / outstation / foreign cheques
- [Interest payment for Delayed Collection](#) – This section outlines the instructions laid out by JPMCB for payment of interest on account of delayed collection

## 3. Credit of Local/Outstation/Foreign Cheques

RBI vide Circular DBOD.No.Leg.BC.55/09.07.005/2004-05 dated November 1, 2004 has withdrawn the instructions on immediate credit and left it to the individual banks to formulate

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their own comprehensive and transparent policy on immediate credit of local and outstation cheques. Accordingly, JPMCB India has framed its Policy on credit of local and outstation cheques which is as set out herein below.

As mentioned earlier, JPMCB India being a wholesale bank caters only to the corporate segment and hence, does not maintain any retail accounts of individuals. The cheques deposited in the Bank, therefore, do not qualify as 'small value retail cheques'. In view of this, JPMCB India does not provide an immediate credit of cheques to its customers unless specifically covered by a Cash Management Services (CMS) arrangement. Credit into the account will be provided immediately after the clearing process is complete.

### 3.1. Local Cheques:

All local clearing cheques received within the cut off time will be processed and dispatched to the clearing house on the same day. Clear funds will be made available into the customer account after the return clearing process is completed.

In case of any general extension of returns by the clearing house or an exceptional event, the clear funds will be made available to the customer after the status of the cheque is known.

### 3.2. Outstation Cheques:

Since JPMCB India currently has limited branch presence, it has tied up with correspondent bank(s) to support collection of outstation cheques on behalf of its customers.

The funds will be credited to the customer on receipt of the funds from the correspondent bank through RTGS / NEFT.

In case if the Bank is intimated, or identifies, by way of MIS received from the correspondent bank(s), that the instrument sent on collection has been lost in transit, the customer will be intimated in writing on the loss of cheques sent on collection. The copy of the communication received from the drawee bank /collecting bank / courier / correspondent bank will be provided to the client. The customer will be provided a "Non Payment certificate", on request, from the drawee bank, within a reasonable time. Additionally, the Bank will provide all assistance to the customer to obtain duplicate instrument from the drawer of the cheque.

### 3.3. Cheques payable in foreign countries:

Cheques payable at foreign centers where the Bank has branch operations (or banking operations through a subsidiary, etc.) will be collected through that office.

The services of correspondent banks will be utilized in countries / centers where the correspondent has presence. Cheques drawn on foreign banks at centers 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 the correspondent bank(s).

#### 3.4. Purchase of local / outstation cheques:

The Bank may, at its discretion, purchase local / outstation cheques tendered for collection for customers with whom it has entered into specific Cash Management Services arrangements

#### 3.5. Cheque Returns & Representment

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 is indicated as under:

Code Number	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 1st proximo
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

Code Number	Reason for Return
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

Cheques 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 representation through email or telephonic alerts.

### 3.6. Third party cheques:

Checks payable to a third party (account not with JP Morgan) are not accepted by the Bank except for statutory refund cheques for non-residents who do not hold a bank account in India.

### 3.7. Validity period for Cheques / Drafts / Pay Orders / Banker's Cheques:

Bank will handle cheques only if presented within 3 months from the date of such instrument.

### 3.8. Service Charges:

- Local Instruments: NIL
- Outstation Instruments: Correspondent bank charges at actuals. Foreign Instruments: 0.25%, minimum Rs.100

Note:

- The above charges are specifically for the collections that are not handled under specialized CMS arrangements.
- The contents of RBI's notifications under Circular RBI/2010-11/377 DPSS.CO.CHD. No. 1671 / 03.06.01 / 2010-11 (dated Jan 19 2011) and RBI/2011-12/560 DPSS.CO.CHD.No. / 2080 / 03.01.03 / 2011-12 (dated May 11,2012) have been made note of. Since the prescriptions under these guidelines are applicable only to Savings Accounts, the same will be implemented as and when the Bank offers Saving Accounts to its customers.

## 4. Time Frame for Collection of Local/Outstation/Foreign Cheques

RBI vide Circular DBOD.No.Leg.BC.55/09.07.005/2004-05 dated November 1, 2004 has withdrawn the instructions on time frame for cheque collections and left to the individual banks to formulate their own comprehensive and transparent policy on the time frame for the collection of local and outstation cheques. Accordingly, the time frame fixed by JPMCB India for collection of local / outstation / foreign cheques is as given below:

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#### 4.1. Local Cheques (CTS Clearing)

On JPMCB India Branch Locations

Timings	MICR Clearing
Cut off time for deposit (Day 0)	1:00 p.m. (10:00 a.m. on 1 <sup>st</sup> , 3 <sup>rd</sup> and 5 <sup>th</sup> Saturday)
Credit into customer account	Next working day (Day 1) evening, after return

For local checks, credit is given on the next day once the clearing process is complete and check returns are received and processed.

#### 4.2. Outstation Cheques (Non-CTS Clearing):

Cheques drawn on correspondent bank locations: The current arrangement covers more than 2,500+ locations in the country. If a check is drawn from a location which does not participate in CTS Clearing, then credit shall be passed to client subject to realization of funds from the drawing bank. Check credits for remote locations can generally take 14 working days (excluding intervening holidays).

#### 4.3. Cheques drawn on foreign countries:

Such instruments are accepted for collection on the “best of efforts” basis. The Bank may enter into specific collection arrangements with its correspondent bank for speedy collection of such instrument. The Bank will give credit to the party on credit of proceeds to the bank’s Nostro with the correspondent bank after taking into account cooling periods as applicable to the countries concerned. The Bank has however, provided approximate time frames for cheques drawn on foreign countries and they are as mentioned below.

- For USD Cash letter (Cheques / Drafts issued by banks in NY): D+6 working days
- For USD Cash letter / Secured collection (i.e. USD Cheques/Drafts issued by any other US bank): D + 15 working days
- For Pure / Standard Collections (all currencies as well as USD draft issued by non-US bank): D+8 weeks (working days)

Note: D = date of deposit.

### 5. Interest Payment for Delayed Collection

**Delayed Credit:** Delayed credit will be construed as any credit given to the customer account after the time frames stipulated in Section 3 above.

RBI vide their Circular DBOD.No.Leg.BC.55/09.07.005/2004-05 dated November 1, 2004 has withdrawn the earlier instructions on interest payment for delayed collection and left it to individual banks to formulate their own comprehensive and transparent policy on interest payment for delayed collection.

Accordingly, JPMCB India has framed the policy for payment of interest on account of delayed collection as follows:

- 1) As collections will be handled only for corporate customers, the Bank will pay interest at the Term Deposit rate applicable for the corresponding period for the delayed period for the number of days indicated for realization for each category of cheques(Refer Section 3 above) as on the date the cheque would have normally realized.
- For foreign currency cheques, compensation shall be 2% above the general savings bank rate in the market
- Instances of instruments lost / collection proceeds delayed in transit, will be dealt with on a case by case basis.
- Interest will be rounded off to the nearest rupee and will be paid only when the amount of interest is more than Rs.10/-
- Interest will be calculated on the value of the instrument sent for collection.
- Interest shall be calculated only for the period of delay above the days mentioned above.
- Force Majeure: The Bank shall not be liable to compensate customers for delayed credit if some unforeseen event(including but not limited to civil commotion, sabotage, lockout, strike or other labor disturbances, accident, fire, natural disasters or other “Acts of God” war, damage to the Bank’s facilities or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, Technical issues with Clearing Houses etc beyond the control of the Bank or its correspondent bank(s) prevents it from performing its obligations within the specified service delivery parameters.

Note: Instruments received from customers under specialized Cash Management Services of the Bank will be subject terms and conditions that are mutually agreed between the Bank and its customers.

## 6. Legal and Other References

Statutes, Laws, Rules, Regulations or External Guidance	<ul style="list-style-type: none"> <li>• <a href="#">RBI circulars DBOD.No.Leg.BC.55/ 09.07.005/2004-05 November 1, 2004</a></li> <li>• RBI circular DPSS.CO.No.453/03.05.06/2007-08, September 17, 2007</li> <li>• <a href="#">RBI Circular RBI/2010-11/377 DPSS.CO.CHD.No. 1671 / 03.06.01 / 2010-11 (dated Jan 19 2011)</a></li> <li>• <a href="#">RBI/2011-12/560 DPSS.CO.CHD.No. / 2080 / 03.01.03 / 2011-12 (dated May 11,2012)</a></li> <li>• <a href="#">RBI Circular DPSS.CO.CHD.No.2030/03.06.01/2012-2013 dated May 7, 2013 on Delay in Re-presentation of Technical Return Cheques and Levy of Charges for such Returns</a></li> </ul>
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	<ul style="list-style-type: none"> <li>• <a href="#">DPSS.CO.CHD.No.284/03.06.03/2012-13 dated August 13, 2012 on Stipulation of Compensation for delay in Clearance of Local Cheques</a></li> <li>• <a href="#">RBI Master Circular on Customer Service in Banks dated July 1, 2015</a></li> <li>• <a href="#">RBI Circular DPSS.CO.(CHD).No.873/03.09.01/2008-09 dated November 24, 2008</a></li> </ul>
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## 7. Firm References

Other Firm Policies or Standards	<ul style="list-style-type: none"> <li>• This policy will have to be read together with all applicable policies of the Firm</li> </ul>
Policy Supplements, Procedures, and Other Documents	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
Forms/Systems	<ul style="list-style-type: none"> <li>• N/A</li> </ul>