



SECTION 218 – CLEARING OF CHECKS IN FOREIGN CURRENCY

a. Definitions

In this section – Banking business day	As defined in the Banking Regulations (Customer Service) (date of credit and debit for checks), 1992.
Foreign currency business day	Banking business day on which credits and debits are made in the bank's accounts in the foreign currency in which the check is denominated.
Check	A check whose amount is denominated in foreign currency and is drawn on a local bank branch (including the local branch of a foreign bank) and presented by a different local bank in Israel (including the local branch of a foreign bank).

b. Application

1. The Clearing House rules will apply to the clearing of checks in foreign currency subject to what is stated in this section and as long as there is no contradiction between what is stated in this section and the other sections.
2. The list of banks participating in the arrangement appears in Appendix 307.
3. Despite the above, the guidelines in this section do not apply to checks drawn on bank branches in the Diamond Bourse (special Diamond Management Accounts) and presented in those branches (detailed in Appendix 308).

c. Preparation of checks for clearing

1. The presenting bank will stamp the check with a clearing stamp that bears the date of the check's presentation to the Clearing House.
2. The checks will be sorted into groups according to type of currency. A payment request for the total amount will be attached to each group/currency.
3. The payment requests will be worded according to Form 309.

d. Management of clearing and settling of accounts

1. Presentation of the check: The presenting bank will present the checks to the drawee bank using a daily courier route that includes the headquarters of each bank. The courier route will handle all relevant material, including letters of indemnity, etc.
2. Receipt of checks at the headquarters of the drawee banks: The headquarters of the drawee bank will confirm the receipt of the receivables from the courier with a "Received" stamp, as described in Appendix 310. The stamp will constitute written documentation in determining the value date for the receipt of checks at the headquarters of the drawee bank as the date of the receipt of the checks, as specified in the following:
 - (a) All the material related to checks that arrives at the headquarters of the drawee bank by 12:00 on that banking business day (hereafter: the date of delivery)¹ will receive a "Received" stamp of that day and the value

¹ On Fridays and holiday eves until 11:00 and on Rosh Hashana eve until 10:00.



date for the receipt of the checks at the headquarters of the drawee bank will be the date appearing on the stamp.

- (b) Material that arrives at the headquarters of the drawee bank after the delivery time will be stamped as "Received in the afternoon" as described in Appendix 310 and the value date for the receipt of the checks at the headquarters of the drawee bank will be the following banking business day.
3. Settling of accounts and credit dates: The headquarters of the drawee bank will credit the headquarters of the presenting bank for the total amount of the checks approved for payment according to currency and according to the payment request. The amount of the credit will equal the amount appearing on the payment request, less the amount of the returned checks.
- The headquarters of the drawee bank will send a credit notice to the presenting bank stating that the bank account of the presenting bank at the correspondent bank has been credited by means of Swift.
- The credit will be sent by Swift on the fourth foreign currency business day after the banking business day on which the checks were received at the headquarters of the drawee bank.
- The value date of the credit at the presenting bank and the debit of the drawing bank will be according to the type of currency as follows:
- (a) US dollar – the date on which the credit was sent by Swift.
 - (b) Other currencies – the foreign currency banking day following the date on which the credit was sent by Swift.

e. Returns

1. If a bank is not willing to honor a check in foreign currency presented to it for any of the reasons listed in Appendix 305 Clause e., he has the right to return it while specifying the reason for the return (and if there is more than one reason, then specifying all the reasons).
2. A bank has the right to return a check in foreign currency up to 6 banking business days from the day the check is received at the headquarters of the drawee bank and on the condition that it has given notification of the return by fax and telephone to the presenting bank up to 4 foreign currency banking business days from the day that the aforementioned check was received.
3. Notification of delays (as described in Section 206 of the Clearing House Rules) will be delivered to the clarification desks.

f. Lack of correspondence in presentation

1. Missing check
 - (a) The drawee bank that receives a payment request without the check will notify the presenting bank of the problem on that same day by telephone and fax.
 - (b) The drawee bank will prepare the return form in the amount of the missing check. In addition, it will request (on the form) that the presenting bank present a letter of indemnity for the missing check according to the text of a standard letter of indemnity, as described in Appendix 311.
- If a signed letter of indemnity is presented by an authorized manager for the aforementioned missing check, the letter of indemnity will be



considered as a clearing receivable in foreign currency and the count of days for purposes of credit and return will begin from the day on which the letter of indemnity is received at the headquarters of the drawee bank.

2. Surplus check

(a) The recipient of a surplus check that is not intended for him and is not included in the payment request will notify the presenter of such by telephone on the same day and will arrange with him the return of the check. The check will be returned together with the form appearing in the appendix to the Clearing House Rules and the date of its receipt will be specified.

(b) The recipient of a surplus check that is intended for him and which is not included in the payment request will notify the presenter of the problem by telephone and fax on that same day and will request from the presenting bank that it present a payment request for the surplus check.

The counting of the days with regard to the crediting and return of a surplus check which is intended for its recipient will begin from the day on which the check is received at the headquarters of the drawee bank (and not on the day that the payment request is received).

3. Non-identical amounts

A drawee bank that receives a check whose amount is not identical to the amount of the payment request will send a copy of the check by fax to the presenter and will notify him on that same day that the total credit or return will be carried out according to the amount of the original check.