



SECTION 212 – CLEARING OF PROMISSORY NOTES

1. Clearing note	A promissory note which bears a specific redemption date and is presented for redemption through a Clearing House member.
2. The collecting bank	A Clearing House member who holds a clearing note.
3. The receiving bank	A Clearing House member to whom the collecting bank sent the clearing note for collection.
4. Clearing days	As defined in Section 201 Clause a.
5. Redemption date	The date of redemption appearing on the clearing note; however, if it is not a business day as defined in the Notes Regulations (new version) the redemption date will be the first subsequent business day.

b. Sending the note for collection

A clearing note will be sent for collection from the collecting bank branch to the receiving bank branch by registered mail or direct delivery not earlier than 30 days prior to redemption and not later than 10 clearing days before the redemption date.

c. The place of payment

1. If the cleared note specifies a particular branch of the receiving bank as the place of payment, in the format appearing below, the collecting bank will deliver the clearing note to that branch directly, as described in Clause b. above.

The location of payment will be signified thus:

Place of payment, in the _____ branch of Bank _____

2. On a clearing note that specifies the place of payment, as described in Clause c.1 above, the number of the account of the signer at the receiving bank branch will appear in the margin. It will be worded as follows:

Note: Signer's account number _____

3. Notwithstanding the aforementioned, the absence of the account number or an inaccurate account number will not prevent the processing of the clearing note according to the instructions of this branch.
4. Notes that specify a Postal Bank account as the place of payment will be sent for collection to the Postal Bank Center in Jerusalem only.

d. Clearing after the date of redemption

A clearing note whose redemption date has passed can be cleared according to the procedures in this section on the condition that 6 months have not elapsed from the specified redemption date until it is sent to the receiving bank branch.

e. Preparation of the notes to be sent

1. A standard collection form will be attached to each cleared note and will state the name and identity number of the receiving branch.



2. Clearing notes that are designated for the same branch of the receiving bank will be organized into one package by the collecting bank and a form listing those notes and a confirmation of receipt form will be attached to it.

f. Receipt of a package of notes

1. The branch of the receiving bank will confirm receipt of the clearing notes to the collecting bank on the day of the receipt by means of a confirmation of receipt form.
2. The receiving branch will sign the notes on receiving them.
3. If the branch of the receiving bank finds one of problems listed below in the clearing note form, he will return the note on the day it is received to the branch of the collecting bank (by registered mail or direct delivery), with an accompanying letter that describes the problem.
4. The problems are as follows:
 - The signature of the note's signer is missing.
 - Place of payment is a different bank/branch.
 - Text does not correspond to numerals.
 - Expiry (six months from the date of redemption).
 - Absence of an endorsement or a problem with it.
 - Signature(s) are not present beside a correction.
 - The name of the redeemer is missing.
 - Not stamped according to law.

g. Date of clearing

1. The clearing of a clearing note whose date of redemption has not yet arrived will be carried out on the date of redemption while the clearing of a clearing note whose date of redemption has passed (as described in Clause d. above) will be carried out on the tenth clearing day following the date it was sent, according to the instructions of Clause e. below.

For a note whose date of redemption has passed, the collecting branch will record the date on which it will present the debit notice in the following format:

The debit notification will be presented on: _____
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h. Presentation of debit notices

1. On the redemption date of a clearing note the collecting bank will present a notice of debit to the receiving bank (as a clearing receivable in Session 1) for the clearing note (hereafter: the debit notice).
2. A debit notice that relates to a clearing note whose date of redemption has passed (subject to what is stated in Clause d. above) will be presented by the collecting bank to the receiving bank as described in Clause f.1 above. However, this is to be done not at the time of redemption but rather on the tenth clearing day following the date the clearing note was sent to the branch of the receiving bank (not including the day on which it was sent).



i. Return of notes

1. A receiving bank that is not prepared to clear a clearing note due to one of the reasons listed below, will return it to the collecting bank via the Clearing House in Session 1. Following are the reasons for returns:
 - Please contact signer
 - The signature of the note creator is not in order.
 - Our signature sample is in Hebrew/Latin letters.
 - The amount of the debit does not correspond to the amount appearing on the summation printout.
2. The receiving bank, which is returning a clearing note, as described in Clause i.1 above, will specify the reason for the return on the debit notice of that note. He will stamp the notice with the Clearing House stamp and return it together with the clearing note.

j. Return of debit notices

1. If a debit has been presented to the receiving bank (as described in Clause h. above) in one of the cases described below, the receiving bank will return it to the collecting bank via the Clearing House (as described in Clause i.1 above), together with a return form and without the relevant clearing note.

Following are the cases:

 - The clearing note is not in the possession of the branch of the receiving bank.
 - The debit notice was presented too early.
 - The debit notice is designated for a different bank/branch.
2. If a clearing note was sent less than 10 clearing days before the date of redemption (as described in Clause b. above), the collecting bank will have the right to present the debit notice on the tenth clearing day following the day on which the clearing note was sent (not including the day on which it was sent). If the collecting bank has presented the debit notice prior to the end of the aforementioned 10 clearing days, the receiving bank will handle it as described in Clause j.1 above and will keep the clearing note in its possession for purposes of collection.

The collecting bank will present the debit notice a second time on the tenth clearing day following the day on which the clearing note was sent, as described above.

k. A note for which a debit notice was not presented

If a branch has received a note for collection and did not receive a debit notice by the end of 7 days from the date of redemption appearing on the note, it will notify the collecting bank of such, whether the signer has redeemed the note or not.