



SECTION 206 – RETURNS

a. Return of clearing receivables

1. If a bank is not willing to honor a receivable that was presented to it at the Clearing House for one of the reasons listed in the appendixes of Section 305, he has the right to return it while specifying the reason for the return (and if there is more than one – to specify all the reasons).
2. (a) Return of a check:
The reason for the return will be specified in one of the following manners:
 - 1) A stamp to be placed on the front of the check;
 - 2) A stamp or printed message will appear on the back of the check together with a "Returned" stamp on the front of the check.
- (b) Return of a receivable other than a check:
The reason for the return will be specified on Clearing House Form 413 or in File 503 that will be attached to the receivable or with a stamp on the front or back of the receivable.
- (c) A Clearing House member will return any non-magnetic receivable at Session 1 following the day that the receivable was presented. Every receivable that is returned in electronic clearing will be returned in Session 2 following the day of the receivable's presentation.
- (d) Receivables presented at a branch in one of the locations listed in Appendix 303 can be returned with a delay of one clearing day.
3. (a) With regard to receivables presented to the branches listed in the Banking Regulations, an extra day of rest will be added to the aforementioned number of clearing days as specified in the Banking Regulations, if that additional day of rest falls on a clearing day.
- (b) Receivables presented at branches that are closed on the clearing days that fall on non-Jewish holidays can be returned on the first clearing day following the holiday, on the condition that the drawee Clearing House member provides written notification of this to the Supervisor and the Clearing House members at least one clearing day prior to the holiday. The notification will list the branches closed on the holiday and the dates on which they will be closed.
4. (a) If there is a delay in the transfer of receivables that is beyond the control of the Clearing House members – who have taken reasonable measures to prevent the delay – the Clearing House member has the right to return receivables that he is not willing to honor with a delay of an additional clearing day. The additional day will also be added for receivables presented late as specified in Clause 3(b) and Clauses 4(a) and (b) above. The aforementioned will apply in the case of a delay in the return of receivables due to a technical problem in the operation of essential equipment (i.e. computers and equipment for the sorting of receivables) that is used by any of the Clearing House members or some other problem that is not related to the returning Clearing House member and which is beyond his control.
- (b) If the aforementioned delay continues for more than one day, the Supervisor will be informed of the delay in delivery or the technical problem on that same day and this will be done as soon as possible before the date set for returns. The notification of the delay will be sent by email by the Clearing



House member who is the cause of the delay and will be brought to the attention of the Clearing House members on the day of the delay.

(c) If the delay continues beyond two clearing days due to special circumstances, the details of the delay will be brought for approval to the Chairman of the Clearing House Board or the Supervisor by phone, fax or email prior to the date set for returns. Following the approval of the Chairman of the Board or the Supervisor, the Clearing House member who is responsible for the delay will send notification by email to all relevant members of the Clearing House providing details of the aforementioned delay, which as mentioned was approved, and the details of the delay will be published in the newspaper as specified in the Regulations.

(d) If due to a strike that has been declared in accordance with Clause 8n of the Banking Regulations – 1941 the Clearing House member is prevented from returning checks, the strike days during the period designated for the return of checks will not be taken into account and the Clearing House member will be permitted to return the checks with a delay of up to three days after the cancellation of the strike declaration.

Details of the delay will be published in the newspapers as described in the Regulations and will be brought to the attention of the Supervisor via email on that same day prior to the date set for returns.

(e) If the aforementioned delay continues according to Clause (c) or (d), the Clearing House member will provide notification in the newspapers on the first business day following the beginning of the delay, as described in the Regulations. The Clearing House member is permitted to provide notification that is valid until further notice. In this case, the Clearing House member will publish a notification when the delay has ended.

5. If a Clearing House member is presented with a check six months after the date appearing on the check or any other period that the drawer has specified on the check, the Clearing House member has the right to return it.
6. A Clearing House receivable that bears the date 29th, 30th or 31st of the month and there is no such date that month, the receivable will be considered to bear the date corresponding to the first business day of the following month.

b. Return of clearing receivables in special cases

1. If any sort of correction is made to a clearing receivable by the originator of the receivable, his full signature is required beside the correction.
2. In the case of a cancellation of the presenting bank's stamp, the full signature of the canceling member will appear beside the cancelled stamp; otherwise the receivable is to be returned.

c. Second presentation of a check

1. A check that is returned for one of the reasons listed in the appendix of Section 305 can be presented a second time only to the credit of the same account as in the first presentation. The check that was returned will be presented in Session 2 with the magnetic receivables that are presented electronically.
2. A check that was returned due to one of the following reasons cannot be presented a second time at the Clearing House: "An instruction to cancel was received" or "The check was cancelled".



d. Form for a cancelled check

A blank check that has been lost or stolen (and the owner of the account has given notice of this to the Clearing House member) and is filled out when presented, will be returned for the reason “Check has been cancelled”.