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Instructions for the Returned Checks' Unit

No. (55/2011)

Issued pursuant to the provisions of article (99/B) of the Banking Law No. (28) of 2000, and its amendments, and the provisions of article (45/A) of the Central Bank of Jordan Law No. (23) of 1971, and its amendments

Article (1):

These Instructions shall be called "Instructions for the Returned Checks' Unit", and its provisions shall apply to all banks and the banks shall be committed to apply them as of 30/10/2011.

Article (2): Definitions:

The following words and expressions mentioned in these Instructions shall have the meanings assigned to them hereunder, unless the context indicates otherwise:

Law	:	The Banking Law in force and its amendments.
Bank	:	A company licensed to engage in banking activities, in accordance with the provisions of the Banking Law, including a branch of a foreign bank licensed to operate in the Kingdom.
Returned check	:	Any check drawn on any bank which is not cashed due to the lack of funds or to an insufficient balance, whether in Jordanian Dinar or foreign currencies.
Unit	:	The returned checks' unit at the Central Bank of Jordan which is involved in the implementation and application of these instructions.
Client	:	Person /persons who has / have an account at the bank and apply to obtain a checkbook.
The Beneficiary of the check	:	The ultimate check holder who is entitled to claim its value.
Records	:	All books and documents containing data issued by the banks concerning the clients who issue returned checks whether these documents are paper- based or electronic (Taped or loaded to disks)

Article (3):

Taking into account the provisions of Article (4) of these instructions:

A. The provisions of these Instructions shall apply to all returned checks whether these checks are presented to the electronic clearing or on the bank counter.

B. The provisions of these Instructions shall apply to all banks clients of natural persons and legal entities, including associations registered in accordance with the provisions of the Societies law No. (51) of 2008, and its amendments, and associations registered in accordance with the provisions of the Cooperation Law No. (18) of 1997.

C. The provisions of these Instructions shall apply to all holders of the joint account /Coalition account by reporting /settlement /modification and deletion for each one of them independently.

Article (4):

All of the following shall not be subject to the provisions of these Instructions: -

A. The check that has been issued to the order of the drawer unless it has been traded by endorsing.

B. Non- bank check, unless the drawer is a client of the drawee bank.

C. The check with the statement of (insurance) or (guarantee) or any other statement that takes the check out from being a fulfillment tool.

D. The check lacking any of the mandatory data that should be available in the check paper in accordance with the provisions of the Trade law (is not hanging on the requirement to perform a certain amount of money, the name of the obliged performance "drawee", the date of the establishment of the check, the signing of the established check "drawer").

E. The checks drawn on the accounts of clubs or unions or government agencies.

Article (5):

A. Returned checks unit is considered to be an integral part of the query service cycle for the banks clients provided by the Central Bank of Jordan.

B. Banks are granted the powers to query about the data of banks clients who issue returned checks using the electronic networking with it.

C. The unit receives and saves data coming from licensed banks in returned checks system, extracts reports, and follows up the banks to ensure the application of these Instructions optimally.

D. The unit shall not be considered responsible in any way for the validity of data received from the banks.

Article (6):

All banks are committed to: -

A. Organize and prepare the detailed data about returned checks issued from their clients (reporting, settlement, deletion, and modification) and submit it to the unit daily, electronically, and through the main centers only.

B. Use the Arabic language when reporting about their clients who issued returned checks according to the approved identification document, and if that document is in foreign language, the bank shall report the name using the same language contained in the document.

C. Maintain detailed data about the information concerning the returned checks drawn on them by their clients in accordance with these Instructions, in particular (the drawer name, bank number, check number, the date of the check, the date of returning   the check, the first beneficiary of the check and the name of the last endorsed person , if any, the amount in Jordanian Dinars or denominated in dinar, according to the average currency rate at the date of bouncing the check for the returned checks issued in foreign currency, the date and the way of notifying the client), as long as the client's name remains on the list of the unit. The bank shall be committed to provide his client with any of these data if he/ she requests so.

D. Inform their clients on their addresses about the returned checks, the reasons, and the date of returning within three business days from the date of the check was returned. To be regarded as notified, it is enough that the client receives the notice by hand, be informed through a recorded phone call, or by the method of communication agreed with the client for this purpose.

E. The banks should ask their clients through the notification mentioned in paragraph (d) of this Article to settle their returned checks positions within (15) business days starting from the day following the date of returning the check mentioned in the notification.

Article (7):

If the deadline given for the client in accordance with paragraph (e) of Article (6) of these Instructions ends, and the client does not provide what prevents listing his name in accordance with the provisions of these Instructions, the bank, within three working days, shall list the clients names who issued returned checks under daily data sent to the unit electronically with the following information:

A. Information relating to the clients and persons subject to the below instructions, provided that a single valid document is adopted for the purposes of this information and in accordance with instructions of opening the account and taking into consideration updating the clients data periodically and continuously: -

1. Jordanian natural person: full name as stated in the personal document issued by the Civil Status and Passport Department or the certificate of appointment for the military as well as the national number.

2. Foreign natural person: full name as stated in the passport, the nationality of the client and passport number.

3. Jordanian legal entities: -

   A. Jordanian and foreign companies registered in accordance with the provisions of the Jordanian Companies Law: the full name of the company according to the registration certificate issued by the competent official authority as well as the national number. In all cases, the bank shall not report by the trade name of the legal entity.

   B. Associations registered in accordance with the provisions of the Societies Law No. (51) of 2008, and its amendments: full name of the association according to the registration certificate issued by the competent official authority as well as the national number.

   C. Cooperative Associations registered in accordance with the provisions of Cooperation Law No. (18) of 1997: The full name of the Association according to the registration certificate issued by the Jordanian Cooperative Corporation and the registration number of association as a national number.

D. Any other legal entities: the Central Bank of Jordan shall adopt them in the future to be subject to these instructions under special orders issued for this purpose.

4. Foreign legal entity: full name according to the registration certificate duly certified by competent authority in the home country, as well as the nationality and number and date of registration.

5. Individual institutions: are reported with the owner name and his national number for Jordanians, or the owner name as stated in the passport, nationality, and passport number if a foreigner.

B. Clients' account number at the bank.

C. Returned check number, the date of issuing it, its value in dinar, or denominated in dinar according to the average of exchange rate at the date of returning the check for checks issued in foreign currency.

D. The date of returning the check.

Article (8):

The banks must not report about their clients who issue returned checks if any of the following cases applies during the period mentioned in paragraph (e) of Article (6) of these instructions: -

A. If the returned check was cashed from the client's account.

B. If the bank received a written settlement concerning the returned check that has been concluded between the drawer and the beneficiary in a judicial authority, certified by a notary, or validated by the bank.

C. If the drawer gave the bank the origin of the returned check.

D. If the bank received a decision from a judicial authority to stop the procedures regarding the returned check until a dispute around it is resolved.

E. If the bank received what proves the notification of the security or judicial authorities for the loss or stealing of the check.

Article (9):

After the expiry of the period mentioned in paragraph (e) of Article (6), and listing the name of the client in accordance with the provisions of these Instructions, the banks shall send the following to the unit:

A. Reporting data settlement file pertaining to banks client's issuing returned checks on the next business day for any of the following cases:

   1. If the returned check was cashed from the client's account.

   2. If the bank received the origin of the returned check, the bank shall within the settlement file sent to the unit set the date on which the client referred to the bank as a check settlement date.

   3. If the bank received what proves the client's settlement of checks in certain dates, the bank must within the settlement file sent to the unit set the date of settling the check indicated in the settlement document. If such date is not mentioned, the bank shall adopt the date of the settlement document. And if the date of settlement document is not there, the bank shall set the date on which the client referred to the bank as a check/ checks settlement date.

B. A file for deleting/ amending data for the cancellation/ modification of reporting about clients issuing returned checks, on the next business day for any of the following cases: -

   1. If the bank received a decision from a judicial authority to stop the procedures regarding the returned check until a dispute around it is resolved.

   2. If the bank received what proves the notification of the security or judicial authorities for the loss or stealing of the check.

   3. If the bank received what proves that the client settled the check during the period mentioned in paragraph (e) of Article (6).

   4. If it appears to the bank the non- validity or accuracy of the information reported in items (1) and (2) of paragraph (a) of this article, or if there has been an amendment to any of the reported drawer data.

   5. If a written agreement between the bank and the drawer is concluded whereby the Bank commits to reserve the check amount at the bank as of the date of submitting the check to the bank till the drawer

provides a judicial decision stating the legitimacy of the objection reason, a decision by the judicial authority to suspend the procedures regarding the check, a concluded settlement with the beneficiary, the origin of the check, or the expiration of the period of five years from the date of re- check. In case the drawer submits any of the above, the bank should release the reserved amount.

Article (10):

If the drawer objects the fulfillment of the check, the bank shall notify him/ her in writing that it will be reporting him/ her for the purposes of listing his/ her name on the list of the unit, provided that the bank informs him/ her within three working days of the presentation of the check to the bank and refusing to cash it because of his/ her objection, unless he/ she presented any of the following on the objection date, or within a maximum of (15) working days from the date of presentation of the check to the bank:

A.   The origin of the check.

B.   What proves the notification of the security or judicial authorities for the loss or stealing of the check.

C.   What proves the bankruptcy of the check holder.

D.   If a written agreement between the bank and the drawer is concluded whereby the Bank commits to reserve the check amount at the bank as of the date of submitting the check to the bank till the drawer provides a judicial decision stating the legitimacy of the objection reason, a decision by the judicial authority to suspend the procedures regarding the check, a concluded settlement with the beneficiary, the origin of the check, or the expiration of the period of five years from the date of returning the check. In case the drawer submits any of the above, the bank should release the reserved amount.

Article (11):

Taking into account the provisions of these Instructions:

A.   A check may not be reported more than once.

B.   If the client issues a check in a way that prevents cashing it, like causing a difference in signature, or in case of the inability to cash a check for any other technical reason; the bank shall make sure that there is sufficient balance to cover the value of the check and if there is no balance or if the

balance is insufficient, the check shall be treated as a returned check and will be subject to these Instructions.

Article (12):

The licensed banks shall use networking service to inquire from the unit about whether the client's name is on the list of the unit before approving the issuance of a checkbook. It is necessary to consider the consistency of the size of the checkbooks given to the client with the volume of his/ her financial transactions conducted with the bank, balances held at the bank, and the credibility of his dealings with the bank in general. Banks may also inquire about the client in case he/ she requested to obtain banking facilities.

Article (13):

Banks should refrain from issuing any checkbooks for the client as long as his/ her name remained on the list of unit. As for the rest of the banking transactions, they shall be left to the bank's estimation in light of safe and sound banking practices.

Article (14):

The bank may not deny or delay making a settlement, modify, or delete the check/ checks contrary to the provisions of these Instructions under the pretext of any other relationships between the bank and its client.

Article (15):

A. In case the unit received the settlement file mentioned in paragraph (a) of Article (9) of these instructions, the client's name shall be removed from the list of the unit after:

1. One month from the date of the settlement in the case of returning one check for the client.

2. Three months from the date of the settlement in the case of returning two checks for the client.

3. Twelve months from the date of the settlement in the case of returning three checks or more for the client.

B. In case the unit received the file mentioned in paragraph (b) of Article (9) of these instructions, the check statement/ drawer name will be deleted as appropriate.

C. A returned check will be automatically removed if (5) years pass since it was reported.

Article (16):

Every bank shall print on the covers of checkbooks delivered to its clients, or as an attachment the following information: -

It will include the client's name in the list of the returned checks' unit at the Central Bank if a check is returned due to lack of/ insufficient balance in accordance with the Instructions of the returned checks' unit issued by the Central Bank, and the client will bear all consequences resulting from the inclusion of his name in the list.

Article (17):

A. Data concerning clients are subject to Confidentiality provisions contained in the law.
B. The Central Bank may take any action or impose any of the sanctions prescribed by law on any bank violating the provisions of these Instructions.

Article (18):

The following instructions and circulars shall be cancelled:
1. Instructions No. (22/2005) dated 04/08/2005
2. Circular No. (7020/13453) dated 03/06/1995
3. Circular No. (10/2/3/3/15790) dated 1/10/2002
4. Circular No. (10/2/4/6492) dated 4/7/2006
5. Circular No. (10/2/4/7028) dated 20/7/2006
6. Circular No. (10/2/4/7408) dated 2/8/2006
7. Circular No. (10/2/4/8564) dated 31/8/2006
8. Circular No. (10/2/4/9576) dated 4/10/2006
9. Circular No. (10/2/4/12137) dated 11/12/2007
10. Circular No. (10/2/4/12346) dated 28/12/2006
11. Circular No. (10/2/4/5375) dated 13/4/2009
12. Circular No. (10/2/4/9500) dated 14/7/2009
13. Circular No. (10/2/4/10133) dated 29/7/2009
14. Circular No. (10/2/4/15709) dated 29/12/2009