

[known as DDA account, as described at 1(a) above] on the next working day before noon.

- (c) The Exchange House will send to the drawee bank information about the total number and the aggregate value of drafts drawn and daily deposits in the DDA account. Transfer from the DDA account should be as frequently as possible and is subject to the stipulation as at 1(e) below.
- (d) The funds will be held in the DDA account under lien to the drawee bank. The only debits allowed from the DDA account will be (i) on account of transfer to the nostro account of the drawee bank where the DDA account is maintained with a bank other than the drawee bank, (ii) for crediting the Rupee vostro account of the Exchange House by selling permitted foreign currency to the drawee bank where the DDA account is maintained with the drawee bank.
- (e) It will be the responsibility of the Exchange House to arrange for the transfer of the sum collected on any particular day to the DDA account. The float period for the funds with DDA account will be decided by the drawee bank in consultation with the Exchange House subject to a maximum of **five days**.
- (f) The interest earned on the amount deposited by the Exchange House with the DDA as provided for at 1 (b) above, up to the date of transfer to the nostro account of the drawee bank will accrue to the Exchange House.
- (g) To ensure compliance of the above, the drawee bank in India will appoint a firm of practicing Chartered Accountants/ Auditors, operating in the country concerned to examine the daily drawings and deposits in the accounts with the DDA as well as transfer to the nostro account of the drawee bank. For this purpose, the Exchange House will undertake to allow the auditors to inspect the books, pay in vouchers, etc., of the Exchange House in so far as they pertain to Rupee drawing arrangement. Such inspections will be done at least once or twice every week by the auditors.
- (h) As an alternative to the appointment of auditors as mentioned in paragraph 1(g) above, the AD Category-I bank may depute a suitable official as their representative to the Exchange House to take up such functions so as to safeguard the interests of the AD Category-I bank.
- (i) The auditors / representative will promptly report the findings to the drawee bank. In case of default on the part of the Exchange House, the drawee bank will as per terms and conditions of agreement, terminate the agency