

PHILIPPINE CLEARING HOUSE CORPORATION

Manila, Philippines

Memo Circular No. **2807**

06 February 2015

MEMO TO : **All Clearing Banks/Institutions**

SUBJECT : **UPDATE ON THE CHECK TRUNCATION PROJECT**

1. This formalizes the status report on the Check Truncation Project to be implemented by the Philippine Clearing House Corporation (PCHC), as presented and discussed with banks' representatives in the meeting called for the above stated purpose.
2. The update presentation, which was held on January 28, 2015, covered the following major topics:
 - Project Milestones
 - ✓ Announced start of floatation for checks bearing the new design standards
 - ✓ Released proposed amendments to the Clearing House Rules & Regulations (CHRR)
 - ✓ Shared how the check truncation system will work
 - ✓ Distributed the Participating Bank's Module (PBM) Functional Specifications
 - Project Timelines
 - The Next Steps
3. Copies of the presentation were distributed via email to all participants and to all frontend solutions providers who were also invited to witness the meeting.
4. A series of follow up sessions/meetings with the banks will be conducted soon with a more detailed presentation of the Check Truncation Project.
5. Incidentally, for everyone's information, this check truncation clearing system, which is planned to be pilot-tested starting the fourth quarter of 2015, shall henceforth be called the **"Check Image Clearing System" or CICS**.

6. CICS is a module under the PCHC Automated Clearing System or PACS. The other module is called the Electronic Fund Transfer Network or EFTN and this system shall be a major upgrade of our existing Electronic Peso (e-Peso) Clearing System and Phil. Domestic Dollar System (PDDTS).
7. PCHC, together with the PACS Solutions Provider, is now finalizing the backend host hardware, network and security systems configuration. Hence, with this development and barring any unavoidable obstacle, we expect that the following milestones will be achieved in accordance with the enumerated timelines:

Milestone	Timeline
Approval of the amended CHRR	May 14, 2015
PCHC Backend Systems Preparation	January to October 2015
Banks Frontend System Preparation	January 2015 – January 2016
Pilot Testing (by group of banks)	October 2015 – February 2016
Target Live run	March 4, 2016

8. We count on and appreciate the cooperation of all member banks.


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President & CEO