

## **CHECKBOOKS**

### **Introduction**

1. In administering checking accounts for customers, a bank must act in accordance with this regulation with regard to checking accounts and issuing of checkbooks to customers.

### **Printing books of non-negotiable checks** (9/11)

2. (a) 1. A bank shall not accept a check on which text has been printed which makes it non-negotiable or is as defined in section (c)2 below, if any change of any kind is discernible on it, except for a change in the date or the amount. A check as aforesaid shall not be deposited in the account of the payee, and if deposited it shall be returned by the bank of the payer.
  2. A presenting or withdrawing bank shall not charge a customer a fee for checks presented contrary to the above in this subsection.
  3. A page shall be attached to each checkbook issued by a bank containing a format accompanied by an explanation of the way the customer can restrict the negotiability of the check.
- (b) 1. A bank which provides a checkbook to a customer shall not refuse the customer's request, made in advance, to issue a book of checks which are crossed and carry text printed on them that prohibits their negotiability. The text prohibiting negotiability shall be emphasized (accentuated letters and colors).
2. For an individual customer, the bank shall issue a checkbook with checks that are crossed and which have wording printed on them that prohibits their negotiability, unless the customer requested in advance to receive checks that are not crossed and without the aforementioned wording. For the purpose of this paragraph, "individual" means a customer that is not a corporation.
  3. In sections (b)1 and (b)2, the meaning of the term "crossed" is as it is defined in paragraph 76 of the Bills of Exchange Ordinance.

4. Checks in a checkbook, as noted in sections (b)1 and (b)2, shall be in the format specified in this regulation.
- (c)
1. A bank shall note in a page attached to a checkbook of checks whose negotiability has been restricted by the bank issuing the checks that no change should be made in the checks after they have been made out, except for a change in the date or the amount.
  2. The wording stating that the check may not be changed after it has been made out, except for a change in the date or the amount, shall be emphasized on the front of the check (accentuated letters and colors).
- (d) A bank may determine a standard formulation or form for restricting transferability as aforesaid.

**New customer**

3. A new customer should not be given a large quantity of checkbooks, and the quantity should be limited until the bank is confident that the customer administers activity in the account in a satisfactory way.

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