

ELECTRONIC CLEARING HOUSE (BOTSWANA) (ECHB) COMPANY

ELECTRONIC CLEARING HOUSE (ECH)

RULES AND PROCEDURES

Effective Date: -SEPTEMBER 06, 2006

**THUS DONE AND SIGNED AT GABORONE ON THIS 13 DAY OF
SEPTEMBER 2006.**

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Bank of Botswana
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Preamble

The Rules and Procedures of the Electronic Clearing House (ECH) play a critical role in enabling the Participants in the clearing system to understand the operations and functionalities of the ECH system. Thus this document is intended to provide clarity and guidance regarding the rights and obligations of each Participant. The document outlines the roles of the Participants and the Management of the ECHB Company in addition to the procedures that are to be followed in various circumstances. In particular, the document outlines the ECH agreements / standards and procedures, together with specifying the requirements of the ECH system. Issues relating to such events as security, transportation delays, and contingency arrangements are also covered in this document.

While the primary responsibility for producing clear, timely and readily understandable, Rules and Procedures rests with the Technical Clearing House Committee, the primary responsibility for reading and understanding the contents of this document rests with the Participants of the Clearing and Settlement system.

Each and every Participant in the Clearing and Settlement system shall be legally bound by these Rules and Procedures.

Terminology

Use of “Shall”, “Should”, “May” and “Must”

In accordance with International Standards Organisation [ISO] practice, the word “shall” or “must” indicates a mandatory requirement, and “should” or “may” a preference.

Scope and Authority

These Rules and Procedures are issued in accordance with section 3 & 7 of the National Clearance and Settlement Systems (NCSS) Act, 2003.

The Rules Regulations and Procedures cover Objectives and operations of the ECH, eligible participants to the ECH, clearing arrangements, settlement procedures and general code of conduct of participants as set out in this document.

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1. Scope and Coverage

- 1.1 *The Rules, and Procedures contained within this document apply to inter-bank PULA transactions within Botswana conducted via the Electronic Clearing House. Any Financial Institution, which is a Participant in the Clearing and Settlement system, may withdraw its membership by giving one calendar month's notice, in writing, to the Bank of Botswana and the Chairman of the Electronic Clearing House (Botswana) (ECHB).*
- 1.2 *Any provisions, which relate to liability for losses within the banking industry, do not extend to bank customers or other third parties. However, the Participant who resigns shall continue to abide by all ECH Rules and Procedures, in their entirety, including accepting instruments presented to the Participant by other ECH Participants at all clearing sessions, up to the date that its resignation becomes effective.*

2. Commencement

- 2.1 *These Rules and Procedures shall come into effect upon commencement of clearing operations by the ECHB subject to the agreement and approval of the Bank of Botswana on such a date as the ECHB may, by issuance of a circular to all Participants of the Electronic Clearing House, appoint.*

3. Parties to the Rules

- 3.1 *All clearing banks in Botswana admitted to the ECH in their own capacity as Participants or, as agents, acting for other banks not represented in the ECH are parties to these Rules and Procedures.*
- 3.2 *Any new clearing bank wishing to participate in the ECH, shall abide by these Rules and Procedures.*
- 3.3 *The ECHB as the Owner, and Operator of the ECH shall not be liable for any losses incurred by any member(s), arising from the ECHB's operation of the ECH, except in the case of the ECHB's own negligence or misconduct*
- 3.4 *The ECH shall be located at Barclays House in Gaborone, Plot 8842, Khama Crescent and shall remain there until such time as may otherwise be agreed by the members of the ECHB Company.*

4. Objectives of the ECHB

- 4.1 *The ECHB has been established to:*

- (a) Facilitate the transfer of payments between Participants operating in Botswana;*
- (b) Provide facilities for the exchange of payment orders among the ECH Participants, primarily, via communication networks, or magnetic media.*
- (c) Ensure timeous, secure, accurate and efficient clearance and settlement of payment instructions;*

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- (d) *Maintain records of all transactions processed;*
 - (e) *Minimise paper handling and manual intervention at the ECH;*
 - (f) *Provide efficient storage and retrieval of information, for purposes of investigation, resolution of queries and reporting; and*
 - (g) *Undertaking any activities that will facilitate the attainment of the foregoing objectives.*

5. Participation and Ownership

5.1 Eligibility for Participation

- (a) *Only Participants having settlement accounts with the Bank of Botswana may engage in clearing and settlement operations at the ECH*
- (b) *Other financial institutions may only participate in the clearing system through an agency arrangement with a Participant maintaining a settlement account with the Bank of Botswana as indicated in (a) above;*
- (c) *Membership of the ECH shall be limited to only those Participants that maintain sufficient liquidity levels and apply acceptable risk management policies; and*
- (d) *Ownership of the system will rest with the ECHB. The Owner, however, must abide by the Rules and Procedures set out herein, all relevant legislation in Botswana as amended from time to time and adhere to the agreed service levels.*

5.2 Management of the Electronic Clearing House

The daily business of the Electronic Clearing House shall be managed by the ECH Manager who shall be accountable to the Chairman of the Bankers Association of Botswana Technical Committee (BABTC).

- (a) *The BABTC shall have constituted a Technical Clearing House Committee (TCHC);*
- (b) *The TCHC shall comprise of ONE representative from each of the Participants in the ECH and shall appoint a Chairman/person from within its members;*
- (c) *A quorum will be any three members of the TCHC.*
- (d) *The ECH Manager shall serve as the Secretary of the TCHC.*
- (e) *Meetings of the TCHC shall be held at least once every quarter OR as and when there is business to deliberate on. One weeks Notice shall be given in respect of such meetings and shall include an Agenda stating when and where the meetings will be held.*

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- (f) *A special meeting of the TCHC may be called by the Chairman at any time, or by any member, on application to the Chairman, in writing, specifying the business to be considered;*
- (g) *No business shall be conducted at any meeting unless a quorum made up of any three members of the TCHC is present; and*
- (h) *Decisions shall be made on a simple majority vote of the members present at the meeting, with the Chairman having a casting vote.*

6. Access to the Electronic Clearing House

- (a) *Entry to the ECH shall be restricted to Authorised Personnel from each of the Participants in the ECH and each participant shall provide specimen signatures of their authorised personnel that shall be kept in a safe place by the ECH operator and updated as necessary;*
- (b) *All Authorised Personnel from Participants in the ECH shall carry and produce their identification whenever requested by the ECH Manager;*
- (c) *All persons authorised to enter the ECH shall be required to sign their entry and exit in a Register provided for that purpose at the ECH.*

7. Suspension of a Participant from Clearing Operations of the ECH

7.1 Suspension of a Participant may apply:

- (a) *If the Participant is granted moratorium or prohibited from accepting deposits by the Bank of Botswana;*
- (b) *If the Participant fails to meet their day's clearing and settlement obligations due to insufficient or lack of funds after full participation in the clearing and settlement process;*
- (c) *If the Participant is placed under statutory management in accordance with the provisions of the Bank of Botswana Act, 1996 and the Banking Act, 1995 – or similar act as appropriate to Botswana;*
- (d) *If a Participant fails to attend two consecutive working days Clearing and Settlement Sessions without providing a valid and supportable reason and failing to notify the ECH Manager;*
- (e) *If in the opinion of the Technical Clearing House Committee a Participant has not acted in the highest principles and interest of the clearing process;*
- (f) *If the Participant, stops or suspends payment of its debts, generally ceases to carry on business or goes into liquidation either voluntarily or compulsorily;*
- (g) *If the Participant is known to have participated in any proven fraudulent activities relating to the business conducted within or through the ECH; and*

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- (h) *If the Participant does not or refuse to abide by any decisions of the TCHC in the case of arbitration of any dispute.*

8. Operations and Governance of the ECH

8.1 *The operations of the ECH are governed by a series of Rules and Procedures, as well as standards, which are contained in four parts as hereunder:*

(a) *ECH Rules and Procedures*

The ECH Rules and Procedures provide details governing the exchange of pula payments that shall be adhered to by all Participants in clearing and settlement operations in Botswana.

(b) *Standards for Cheques and Debit Vouchers¹*

These standards state the requirements and specifications for the design of all cheques and other debit vouchers used for inter-bank payment exchanges between local banks. Participants shall ensure that both their own cheques and those of their customers are in full compliance with the specifications and prescriptions laid down therein.

(c) *Transaction Codes Standards for Cheques and Debit Vouchers²*

These standards define the requirements and specifications for the Transaction Codes for all cheques and all other Debit Vouchers used for inter-bank payment exchanges in local currency between banks in Botswana.

(d) *Transaction Codes and Standards for Electronic Funds Transfers (EFT)*

These standards define the requirements and procedures together with the relevant codes that relate to the submission and processing of EFT instructions via the ECH.

9. Maintenance of the ECH Rules and Procedures

9.1 *Any amendments to these Rules and Procedures shall be undertaken by the Technical Clearing House Committee.*

9.2 *Proposals for amendments or additions to the Rules and Procedures must be submitted in writing to the Chairman of the TCHC. If, at a subsequent meeting of the TCHC, approval is granted on a majority basis, the change in Rules and Procedures shall be ratified, in writing, by all Participants and submitted for approval to the Bank of Botswana. Only after the Bank of Botswana has granted such approval will the Rules and Procedures be deemed to have been amended accordingly.*

¹ *Refer to the Standards for Cheques and Debit Vouchers.*

² *Refer to Annex VI hereof*

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9.3 The ECH Manager, under the direction of the TCHC, shall be responsible for:-

- (a) The administration of the ECH Rules and Procedures;
- (b) The issuance of these Rules and Procedures, to all the Participants in the ECH; and
- (c) Ensuring that payment instructions for processing through the ECH conform, in all respects, to the requirements prescribed in these Rules and Procedures;

10. Clearing Times

10.1 Effective from the date appointed in terms of paragraph 2.1 hereof the following times and procedures shall be introduced for the operation of the Electronic Clearing House. Whereas processing Files during morning Clearing Sessions may take up to thirty minutes, afternoon Clearing Sessions shall be expected to take no more than fifteen minutes from commencement of processing.

(a) Monday to Friday

There shall be two clearing sessions each weekday as follows:

(i) Morning Session

The cut-off time for the submission of the following items to the ECH shall be 10.00am

*All Electronic Journals (EJs) and Settlement Files received at the ECH
All bank representatives attend ECH to exchange previous session's paper
ECH undertakes preliminary settlement
Banks receive preliminary settlement positions and Certificates
Banks receive EJs from ECH*

(ii) Afternoon Session

The cut-off time for the submission of the following items to the ECH shall be 4.00pm

*All EJs and settlement Files received at the ECH
All bank representatives attend ECH to exchange paper from previous session
ECH undertakes settlement
Banks receive settlement positions and certificates
Banks receive EJs from ECH*

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(b) Saturdays, Sundays and Public Holidays

There will be no processing of clearance transactions on Saturdays, Sundays and Public Holidays.

10.2 *Clearing Cycle*

- Day 1 Cheques deposited at collecting bank*
- Day 2 1st opportunity to “unpay” deposited cheques by drawer bank*
- Day 3 Fating of cheques final opportunity for and returns unpaid*
- Day 4 Customer receives value*

11. Exchange of Electronic Data and Related Cheques

- 11.1 *The exchange of all Electronic Data and related cheques between Participants shall take place at the ECH in Gaborone , promptly at the time(s) agreed upon.*
- 11.2 *Paper relating to EJs exchanged during the morning shall be exchanged among Participants that afternoon, but not later than the 4.00 pm cut off time. Paper relating to EJs exchanged during the afternoon, shall be exchanged the following morning, but not later than 10.00 am cut off time.*

12. ECH System Requirements

- 12.1 *The ECH will provide for the exchange of all Electronic Clearing Files.*

13. Electronic Journals [EJs] Files

- 13.1 *EJ files shall be transmitted to the ECH on each clearing day from each Participant for each clearing session, bearing in mind paragraph nine (9) and ten (10) hereof.*
- 13.2 *All EJ files must be received by the ECH from the Participant in each transmission, but in the event that there are no records then an empty settlement file shall be transmitted.*
- 13.3 *The EJ files to be transmitted to the ECH will consist of:*

(a) Cheques Electronic Journal File

The cheques and Unpays Section in the EJ file, detail all cheques being presented for exchange or returned on that day with the physical items to follow (see section 10.2 herein). The contents of the Unpaid Record shall be the same as the original record with the only change being the inclusion of the reason for return code [see Section 17.2 herein].

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(b) Settlement Position File

A Settlement Position File; shall be produced by each bank. It provides, to the ECH, totals of all the items to be exchanged between clearing banks. Nil returns shall be included. The totals in the Settlement Position File must equal the total of the records being exchanged in all the other EJs for that day. Differences shall be reported in the Discrepancy EJ.

(c) Discrepancy Electronic Journal File

(i) *This file is the record of the results of a receiving Participant's reconciliation of the cheques received, with the Electronic Journal to which they relate. The file is intended to identify*

- *Free matched*
- *Missing matched;*
- *Missing Unmatched; and*
- *Free Unmatched.*

(ii) *The Discrepancy EJ shall also identify differences, if any, between the totals provided in the Settlement Position File and the total of the records in the EJs for that clearing session, together with the discrepancy files received from the previous session.*

(d) Security File

The EJs shall also include a Security File containing the unique encrypted electronic signatures to enable authentication of the data files to be undertaken. The specification, format and contents of such Security Files shall not be published.

(e) Electronic Funds Transfer [EFT] File

The EFT file details payments containing, Credit Transfers that are to be made to and Debit Payments to be collected from customers of member banks.

14. Processing of Files

14.1 *After processing outward clearing at the ECH, a set of inward clearing Electronic Journal [EJ] files shall be prepared and transmitted from the ECH to each Participant.*

14.2 *A Participant who transmits EJ files to the ECH, which are unreadable, corrupt, or do not balance, will be given fifteen [15] minutes within which to rectify the condition and re-submit. Failure to submit correct EJ files within this deadline will result in that Participant being "locked out" of that clearing. The Participant in question shall be obliged to accept clearances data from other Participants. The 15 minutes shall commence upon the initiation of the first telephone call to the Participant (which, normally shall be from the applicable cut off time, and a diary kept at the ECH that logs the event; and*

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14.3 A Participant who transmits EJ files to the ECH which contain, a virus (es) will result in that Participant being “locked out” of that clearing. The Participant in question shall be obliged to accept clearances data from other Participants.

15. Clearing System Description

15.1 Collecting Banks

(a) Cheques must be presented in batches of no more than 50 items, corresponding with the Electronic Journal to which they relate. The presenting Participant must also insert appropriate Control Vouchers [Batch Trailers], as provided for under paragraph 20 of these Rules and Procedures.

15.2 Receiving [Paying] Banks

(a) Cheques received are reconciled against Electronic Journals received from the ECH.

(b) Identify any discrepancies, e.g., wrong deliveries, missing or extra items [see Paragraph 12.3(c)].

16. Exchange of Cheques

16.1 Paper shall be exchanged bi-laterally between Participants at the ECH.

OR

16.2 It may also be exchanged outside the confines of the ECH, at the risk of the Participants conducting the exchange.

16.3 Upon the introduction of truncation the need for the exchange of cheques will be reviewed.

17. Exchange of Electronic Journals

17.1 The Electronic Journals will be encrypted and transmitted under test key arrangements from Participants to the ECH at or before the stipulated time.

17.2 The ECH Code Line Clearing System will decrypt and process the Electronic Journals.

17.3 As a last resort in the case of transmission failures, files may be presented and exchanged on diskettes or similar medium at the ECH.

18. Unpaid/Unapplied Cheques

18.1 Paying banks will determine fate and identify items to be returned. The Paying bank shall prepare the Unpaid records, which must be appended to the Electronic Journal files for submission to the ECH and sort the physical items to be returned by paying bank.

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- 18.2 *The Reason for Return Code and Description⁶ must be printed or hand written on the reverse of each cheque, in the correct zone.*
- 18.3 *The “Reason for Return” shall be written, on the face of the cheques, at the top, but shall not encroach upon the “restraint area”.*
- 18.4 *When a cheque is returned unpaid to the collecting bank, the drawee bank shall place an “Unpaid” stamp clearly in the designated zone.*
- 18.5 *The returned cheques must be presented in a batch corresponding with records on the Electronic Journal files for each bank.*
- 18.6 *Exchange of returned cheques, exchange of Electronic Journals and settlement, follow the same steps as described in Sections 15, 16 and 17 above.*
- 18.7 *The bank receiving the Unpays will reconcile the returned cheques against the incoming Electronic Journal; identify any discrepancies, e.g., wrong deliveries, missing or extra items, and post entries to accounts.*
19. Discrepancies
- 19.1 *Receiving banks will identify any discrepancy items to be reported.*
- 19.2 *A discrepancy file must be prepared for the ECH.*
- 19.3 *Exchange of discrepancy items, exchange of Discrepancy files and settlement follow the same steps as described in Section 17.*
20. Handling of Exception Items
- 20.1 Cheques without Code Lines
- (a) *It is the responsibility of the collecting bank to ensure that for non-MICR cheques, the EJ record must contain the Items Voucher Type [03] and all relevant information, Bank Number, Serial Number, Account Number and Amount.*
- 20.2 Mutilated Vouchers
- (a) *“Carrier envelopes” shall be used in the processing of such items on a reader sorter, provided the presenting bank has printed the MICR Code Line on the envelope. The two (2) shall be conjoined and become a single item.*

⁶ See Annex IV Transaction Codes Standards for Cheques and Debit Vouchers.

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- (b) *The cheques and their corresponding Control Voucher[s] shall be placed in a separate bundle and listed as part of the Electronic Journal.*

20.3 Re - presented Items

There shall be no re-presentation of unpaid items processed through the ECH system.

20.4 Special Clearances

There shall be no special clearances processed through the ECH system.

20.5 Duplicate Files

Duplicate files are not allowed to be presented by any Participant member

20.6 Cheque Validity

A cheque drawn on other bank is valid for six months and for Botswana Government cheques drawn on Bank of Botswana its three months

21. Control Vouchers

21.1 *The entire MICR code-line of control vouchers shall be encoded as part of the final sort.*

21.2 *Control Vouchers shall be inserted into batches of cheques being exchanged as follows:-*

(i) Tray Control Vouchers [TCV]

The TCV shall be used to accompany the batch of cheques being presented, and shall be inserted at intervals of not more than 1000 cheques. No amount is printed or written on the TCV.

(ii) Batch Control Vouchers [BCV]

The BCV shall be used to show the totals of a batch of cheques being presented for payment and shall be inserted at intervals of not more than 50 cheques.

The BCV will contain, in the MICR Code Line the total value of the cheques between it and the preceding control voucher.

(iii) Unpaid Batch Control Vouchers [UCV]

The UCV shall be used to show the totals of a batch of cheques being returned unpaid and shall be inserted after not more than 50 cheques.

The UCV will contain, in the MICR Code-Line the total value of the cheques between it and the preceding control voucher.

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21.3 Control Vouchers Design

21.3.1 Paper Type

The paper used for control vouchers shall be CBS 1. ⁷

21.3.2 Voucher Size

Control Vouchers will be 203 mm long by 110 mm high.

21.3.3 General Design Characteristics

(a) The background shall be white with a (16 mm) band of the colour specified along the top edge and the left hand edge above the 16 mm MICR Band. See colour specifications hereunder: -

(i) “TCV” (Tray Control Voucher) for the Tray Control Voucher accompanying cheques being presented. Edge Colour - **Blue** (Spot Pantone 299 CV). See Figure 1 of Annex III;

(ii) “BCV” (Batch Totals Control Voucher) containing the total value of cheques being presented in a batch. Edge Colour - **Orange** (Spot Pantone 164 CV). See Figure 2 of Annex III;

(iii) “UCV” (Unpays Control Voucher) containing the total value of cheques being returned Unpaid in a batch. Edge Colour - **Pink** (Spot Pantone 218 CV). See Figure 3 of Annex III; and

NOTE: - It is recognised that the colours selected may give an Average Background Reflectance [ABR] of greater than 60% in the restraint area.

(b) The name of the presenting bank shall be printed in characters of not less than 4.8 mm high and General Design Characteristics on the front of the voucher.

(c) The type of voucher shall also be printed on the front in characters of not less than 25 mm high.

(d) All printing shall be at least 0.3 mm clear of the borders.

(e) No printing shall be placed within the 16 mm MICR Bank area.

21.4 Code-Line Layout Specification for Control Vouchers

21.4.1 General Requirements

⁷ See Section 2 of the Standards for Cheques and Debit Vouchers.

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Control Vouchers (CV's) shall be MICR encoded in their entirety as part of the Collecting Processing Centre's outward clearing

21.4.2 TCVs (Tray Control Vouchers)

Positions 1 to 12		To be left blank
Position 13		Space
Positions 14 to 15		Two digit Voucher Type code numeric: (a) digit, digit.
Positions 16 to 29		To be left blank
Position 30	□	Symbol 10
Positions 31 and 32		Shall contain the 2 digit Bank Code of the Processing Centre presenting the cheques.
Positions 33 and 34		Zero filled
Positions 35 and 36		2 digit Bank Code of Processing Centre receiving the voucher and may be zero filled.
Position 37	□	Symbol 10
Positions 38 to 43		Six digit serial unique number.
Position 44	□	Symbol 12 See Figure of Annex III

21.4.3 BCVs, and UCVs (Totals Vouchers)

Positions 1 to 13		13 digits, the total value of the cheques between this control voucher and the preceding control voucher.
Position 14	□	Symbol 11
Positions 15 and 16		Two digit Voucher Type code numeric: (a) digit, digit.
Positions 17 to 29		To be left blank.
Position 30	□	Symbol 10
Positions 31 and 32		Shall contain the 2 digit Bank Code of the Processing Centre presenting the cheques.
Positions 33 and 34		Zero filled
Positions 35 and 36		2 digit Bank Code of Processing Centre receiving the vouchers and may be zero filled.
Position 37	□	Symbol 10
Positions 38 to 43		Six digit serial unique number.
Position 44	□	Symbol 12

See Figures 2 – 4 of Annex III

22. Missing and Wrongly Delivered Batches of Cheques

22.1 Banks shall, on a bilateral basis, immediately resolve problems resulting from:

- (a) A missing batch of vouchers

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(b) *A wrongly included batch of vouchers*

22.2 *In all cases the receiving bank shall be responsible for advising the ECH Manager in order to enable an assessment of the situation and if necessary arbitrate over issues, which remain, unresolved for a maximum of seven days.*

23. *Electronic Funds Transfer [EFT]*

23.1 General Principles

23.1.1 *The Electronic Clearing House [ECH] facilitates the transfer of funds between Clearing Centres electronically. The ECH does not facilitate the exchange of debits or credits using paper vouchers. To make a transfer of funds to an account at another bank, the bank receiving the request from a customer shall generate an Electronic Funds Transfer record in the EFT file.*

23.1.2 *The bank originating an Electronic Funds Transfer shall be responsible for the accuracy and authenticity of the contents of the record contained in the EFT file. The bank receiving an Electronic Funds Transfer shall be responsible for the accurate implementation of the transaction contained in the record within the EFT file. The bank debiting a customer's account shall hold the relevant mandate, instruction and supporting documentation to debit that account.*

23.1.3 *All Participants, prior to generating or accepting Electronic Funds Transfers on behalf of customers, shall provide a certificate or indemnity to the ECH that the submitting/presenting bank accept the responsibilities contained in this section. Prior to initiating an Electronic Funds Transfer specific authorization shall be in place in the form of mandates, customer instructions, and/or supporting documents.*

23.2 Mandates Required for EFTs to Credit and / or Debits for an Account at Another Bank

(a) *The following details shall be present in all cases :-*

- (i) *the amount to be transferred;*
- (ii) *details of the account being debited (i.e. Bank code, branch number and account number);*
- (iii) *details of the account to be credited (i.e. Bank code, branch number and account number);*
- (iv) *the beneficiary's name (up to 35 alpha-numeric characters);*
- (v) *the Bank and Branch accepting the deposit voucher. Queries relating to the EFT should be addressed to the Bank and branch accepting the deposit voucher; and*

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-
- (vi) *an originator's reference (up to 35 alpha-numeric characters) which can be transcribed onto the statement for the customer's account to be credited to identify the source of the credit.*
 - (b) *The voucher type code that shall be used are reflected in Annex IV; and the bank and branch accepting a deposit shall satisfy themselves that the transfer of funds is not as a result of, or for, criminal activities*

23.2.1 Payment of Taxes

- (a) *The Bank generating the credit shall retain the tax payment form as evidence of the instruction. The details to be transcribed to the EFT record shall be:-*
 - (i) *the amount to be transferred;*
 - (ii) *details of the account being debited (i.e. bank code, branch number and account number);*
 - (iii) *details of the account to be credited (i.e. bank code, branch number and account number);*
 - (iv) *the beneficiary's name (up to 35 alpha-numeric characters);*
 - (iv) *the Bank and Branch accepting the instruction to pay. Queries relating to the EFT should be addressed to the Bank and Branch accepting the instruction to pay; and*
 - (vi) *the tax payment reference (up to 35 alpha-numeric characters) which may be transcribed onto the statement for the customer's account to be debited to identify the destination of the funds. The tax payment reference is also used as a unique reference to retrieve the mandate.*
- (b) *The voucher code shall be 39.*

23.3 Unpaid, Unapplied and Disputed Transactions

Unpaid and Unapplied Electronic Funds Transfer transactions shall be returned only through Automated Clearing.

23.3.1 Unapplied Electronic Transactions

The destination bank shall include details of each transaction that has not been applied in the Electronic Funds Transfer file exchanged by not later than Day 3 of the Clearing Cycle. The records containing details of the unapplied transaction shall follow an unapplied Record and shall include all the details given on the Electronic Transfer file of the transaction as originally sent with the Reason for Return code amended.

ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

Reasons for Return Codes are detailed in Annex IV.

23.3.2 Disputed Transactions

(a) Unreadable and/or Corrupt Files

- (i) *The presenting Processing Centre shall be notified and has 15 minutes within which to provide a good copy of the missing file. If this is not achieved, the contents of the Settlement File shall be treated as missing and the appropriate Settlement Discrepancy Records generated for exchange at the next opportunity.*
- (ii) *If the Settlement file from the Electronic Clearing House is corrupt or unreadable, the ECH Manager shall be notified. The ECH shall provide a replacement file, or the ECH Manager shall advise all Processing Centres of the intended action.*

(b) Settlement File Figures do not Equal the Corresponding Total of the Payments in the EFT Files Exchanged.

A Discrepancy File Settlement Record shall be generated for the total(s) not agreeing. The record type is 07 for EFT Debits, 08 for EFT Credits.

c) Disputed eft debit transactions

To be returned unpaid within 30 days period

24. Facilitation of Settlement

24.1 *The ECH shall calculate the net settlement figures between the respective ECH Participants and pass entries on to the Bank of Botswana for the entries to be entered through the accounts of the respective ECH Participants.*

24.2 *Encrypted Electronic Journal files shall be generated by the ECH and transmitted under test key arrangements back to each bank as their Inward Clearances within 15 minutes of the completion of processing all files received at the ECH.*

24.3 *The Settlement Certificate containing net settlement figures for all banks shall be transmitted from the ECH to the banks with the Electronic Journal [EJ] files as part of inward clearances.*

24.4 *In the event of any circumstance that, in the opinion of the ECH Manager, may contribute to a delay in the completion of settlement, the ECH Manager shall notify Participants, within a period of 30 minutes of receiving authorisation, where applicable, from the appropriate authorities.*

25. Failure to Settle

ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

25.1 *In an event that a participant fails to settle, collateral security shall immediately be called to settle the debt obligation. Moreover, such collateral shall be insulated from the effects of insolvency.*

25.2 *If the Central Bank considers that the making of a payment or transfer referred to in subsection (1) is likely to result in systemic risk, the Central Bank may, by written notice to the participant concerned:-*

(a) *Prohibit the making of the payment or transfer, if it has not already been made; or*

(b) *Set aside the payment transfer, if it has already been made, and shall forthwith provide the participants with a written statement of its reasons for doing so. Provided that no such payment or transfer shall be set aside more than twenty - four hours after it has been made.*

26. Security

26.1 *The Item Processing Centres of the Participants, and the ECH, are critical areas of operation. Therefore each Participant shall ensure that the highest levels of security and tested contingency arrangements are in place in support of its Item Processing Centre.*

26.2 *The following shall be put in place to enhance security:-*

(a) *Access to the ECH and to the Processing Centers of the Participants shall only be by Authorised Personnel;*

(b) *The maintenance of software and hardware, the modification of parameters, and installation of replacement software shall be under dual control. Each Participant's Processing Centre shall maintain an audit trail of any changes made;*

(c) *Operations in the Processing Centres of the Participants should be segregated, to limit the opportunities for collusion that may lead to fraudulent activities.*

(d) *Thorough checks shall be carried out to ensure the integrity of files being exchanged; and*

(e) *Thorough checks shall be carried out to ensure that files received and sent are free of all known viruses.*

26.3 *The exchange of encrypted files between Participants and the ECH shall be protected using the Virtual Private Network [VPN] software.*

27. Transportation Delays

27.1 *On occasions when the physical transportation of cheques is delayed, special arrangements shall be made by the affected Participant to expedite delivery of paper. It is likely that if transportation from a particular area is delayed, all Participants with branches in that area may be similarly affected.*

ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

27.2 Participants that anticipate that they will not have available the day's clearings by the appointed times shall advise the ECH Manager within not less than five minutes before the cut off time applicable .

27.3 The ECH Manager shall then consider the circumstances to determine the appropriate course of action to address the situation.

28. Industrial Action

28.1 In the event that industrial action at one or more Item Processing Centres prevents orderly completion of the clearing process, then the ECH Manager may recommend action as follows:

(i) If the impact is likely to cause disruption to less than 50% of the Participants in the Clearing System, the affected Participant(s) shall be required to use alternative resources. Alternatively, the affected Participant(s) shall be considered a non-participant in the clearing for the duration of the industrial action. In the case of the latter, the affected Participant would still be obliged to accept clearances from other Participants; and

(ii) If the impact is likely to cause disruption to more than 50% of the Participants in the Clearing System, the TCHC in conjunction with the Chairman of the BABTC may declare a "Non Clearing" day(s) after receiving authorisation and agreement from the Bank of Botswana.

29. Equipment Failure

29.1 Participants in the ECH must be adequately equipped and must put contingency arrangements in place to cater for any mishap.

30. Power Failure

30.1 Participants should have stand-by power arrangements in place in order to ensure continued operations in the event of the power supply failing.

31. Loss of an Item Processing Centre

31.1 Each Participant shall have in place appropriate disaster recovery arrangements to facilitate continued clearing operations in the event of its Item Processing Centre being rendered inoperable.

31.2 The minimum requirement for a Participant's contingency arrangements shall ensure that a Participant is able to accept and give value for all In-clearing.

31.3 Any of the following three contingency arrangements are acceptable:-

(a) A Participant may have its own dedicated standby Item Processing Centre to be used in the event of disaster;

(b) Two or more Participants may jointly own a standby Item Processing Centre for their use; and

ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

- (c) *A Participant may make reciprocal arrangements with other Participants to process their work in the event of a disaster.*

32. Loss of the Electronic Clearing House

- 32.1 *The ECHB shall provide an alternative fully functional Electronic Clearing House to facilitate clearing operations in the event of the ECH Production Site being rendered inoperable.*

33. Records Retention Periods

33.1 Exchange and Settlement Files

- (a) *Copies of all files dispatched to as well as those received from Participants shall be retained by the ECH for a minimum of twelve months;*
- (b) *These files shall, on request, be made available for the resolution of differences or queries; and*
- (c) *As a precautionary measure, Participants shall retain for a minimum period of six months copies of all files dispatched to as well as received from the ECH.*

33.2 Retention of Cheques and Control Vouchers

- (a) *Customers and collecting banks are entitled to request, and receive evidence of a payment transfer at any time up to seven years after the transaction. Therefore, Participants shall retain audited copies or the actual instrument for **seven years**;*
- (b) *Control vouchers may be destroyed after the day's work has been processed and any differences resolved.*

33.3 Reports

- (a) *Participants shall only raise queries relating to payments exchanged within twelve months of the transaction. After one month of a query being outstanding the ECH shall arbitrate to effect a resolution; and*
- (b) *Participants and other banks may use their own discretion to decide on the retention period of reports, subject to the requirements of (a) above.*

34. General Principles for the Operation of the ECH

Disputes arising between the ECH and its Participants or between the ECH Manager and a Participant or between the Participants themselves shall be settled in terms of the procedures provided for in these Rules and Procedures subject to the following processes:

ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

(a) Arbitration

The TCHC shall be responsible for the settlement of grievances and disputes arising from these Rules and Procedures and the following procedures shall apply:

- (i) *any Participant involved in a dispute with another, which cannot be settled by mutual agreement at ECH Manager level, shall submit the relevant dispute to the Chairman of the BABTC for resolution;*
- (ii) *before submitting the dispute to the Chairman of the TCHC, all parties shall have agreed in writing to accept the Chairman of the TCHC's decision as binding; and*
- (iii) *the TCHC shall, after having obtained factual evidence from all parties concerned and after having considered all facts in the light of the Rules and Procedures, deliver such decision within fourteen (14) business days.*

(b) Clearing House Operations Service Provider

- (i) *the ECH shall be operated and maintained under a Service Level Agreement (SLA) between the ECHB and ECH Participants.*⁸

⁸ See Annexure 1 hereof.

ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

Annex I

Service Level Agreement [SLA] Between the ECHB, the ECH Service Provider and the Participants

1. The ECHB shall:

- (a) *Identify and procure suitable premises for use as an alternative Electronic Clearing House in the event that it would be necessary to invoke the Electronic Clearing House Business Resumption Plan;*
- (b) *Own the Electronic Clearing House operation and the necessary Computer Systems as well as the alternative premises for the Electronic Clearing House;*
- (c) *Enter into agreements with approved software or hardware suppliers, for the maintenance of both the hardware and software utilised by the Electronic Clearing House System;*
- (d) *If advised by a member of the Electronic Clearing House or the Electronic Clearing House Service Provider of suspected, or attempted fraudulent activities, instigate appropriate action against the offending party and advising the Bank of Botswana prior to any action being taken;*
- (e) *Facilitate the resolution of all differences and disputes between Participants and the Electronic Clearing House, which remain unresolved for fourteen (14) days;*
- (f) *Undertake quarterly tests and review the Business Resumption Plan for the Electronic Clearing House;*
- (g) *With advanced notice, invoke the Electronic Clearing House Resumption Plan and instruct clearing banks to use the alternative premises for the Electronic Clearing House twice a year and advise the Bank of Botswana in writing;*
- (h) *Obtain confirmation from each Participant that it has tested its Business Resumption Plan at least twice each year and advise the Bank of Botswana in writing;*
- (i) *Monitor and certify the performance of the Electronic Clearing House, against the Service Level Agreement and the Electronic Clearing House Agreement and to report monthly to the Technical Clearing House Committee; and*
- (j) *Seek authority, after consultation with the Bank of Botswana that the Electronic Clearing House Manager may declare a non-clearing day.*

2. The Electronic Clearing House Service Provider shall:-

- (a) *Appoint an Electronic Clearing House Operations Manager;*
- (b) *Provide the location for the Electronic Clearing House operations.*

ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

-
- (c) *Adhere to the requirements of the Electronic Clearing House Agreement/Rules and Procedures; and*
- (d) *Provide staff to conduct the operations of the Electronic Clearing House.*
3. *Both the ECHB and the ECH Service Provider shall:-*
- 3.1 *Ensure adequate security of the Electronic Clearing House operation and the computer systems, including:-*
- (a) *Limiting access to the Electronic Clearing House to only authorised personnel; and*
- (b) *Access to the computer system, check that all Settlement Files are not corrupt and that data received from members is virus free.*
- 3.2 *Ensure that passwords and pass-phrases are held in a secure place, agreed by the ECH , to ensure the continued operations of the system in the event of the Electronic Clearing House offices being rendered inoperable.*
- 3.3 *Ensure that diskettes or any other electronic media issued to members are virus free, and that all other files have not, been corrupted by the Electronic Clearing House.*
- 3.4 *Ensure that the premises for the Electronic Clearing House, the operators, and the system are available for operations during clearing periods.*
- 3.5 *Enter into Maintenance Agreements with appropriate third parties for the Electronic Clearing House hardware and software applications at both premises housing the Electronic Clearing House.*
- 3.6 *Accept the system as delivered and any amendments undertaken are instigated using agreed Change Control Procedures; and*
- 3.6.1 *Ensure that the ECH maintains a minimum system availability level of 98% excluding time allocated for system maintenance, which should be undertaken during non-operational hours.*

ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

Annex II

Glossary of Terms

Authorised Personnel

The ECH Manager, ECH Supervisor, ECH Clerk, Personnel assigned by respective Participants for the exchange of Paper at the ECH any other given prior authority by the ECH Manager to enter the ECH.

The Act

The National Clearance and Settlement Systems Act and Regulations as amended from time to time

Clearing

The process of transmitting, reconciling, exchanging and confirming payment instruments prior to settlement. Clearing may include netting of instructions and the establishment of final positions for settlement.

Clearing House

A central location or central processing mechanism through which, clearing banks agree to exchange payment instructions or other financial obligations. The clearing banks settle for items exchanged at designated time based on and procedures of the Clearing House.

Clearing Cycle

The timetable for clearing and settlement.

Clearing System

A set of procedures whereby clearing banks present and exchange data and/or documents relating to funds or securities transfers to other clearing banks at a single location (clearing house). The procedures often also include a mechanism for calculation of participants' bilateral and/or multilateral net positions with a view to facilitating the settlement of their obligations on a net or gross basis.

Code Line Clearing

The automation of cheque clearing by adopting electronic exchange of Magnetic Ink Character Recognition [MICR] code lines and cheque amounts in computer files on diskette or on-line. The MICR code-line at the bottom of the cheque form comprises the details of the branch and account number, on which the cheque has been drawn and the cheque serial number and amount of the cheque (although not physically impressed on the cheque in Botswana).

Collecting Bank

A bank that collects value for cheques or other debit instruments.

ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

~~~~~  
*A bank receiving payment instructions from a customer.*

### **Control Vouchers**

*Control Vouchers are paper-based documents that are used in the preparation of paper instruments for presentation to paying banks, and also form part of the Electronic Data File for presentation to the Electronic Clearing House.*

### **Destination Bank**

*A bank, which is to apply the debit or credit to its customer accounts.*

### **Electronic Clearing House**

*A paperless electronic clearing system in which payment orders are exchanged among clearing house participants, primarily via magnetic media or communication networks, and handled by a data processing center.*

### **Electronic Journal File**

*An Electronic folder consisting of a number of records containing details of the cheques and vouchers passed to the Clearing House by the collecting banks.*

### **Free Matched**

*A cheque for which there is matching information of any kind in the electronic journal except for the amount filled in the EJ record.*

### **Free Unmatched**

*A cheque for which there is no matching information of any kind in the electronic journal.*

### **Fraudulent Activities**

*Possible fraudulent activities include:-*

*Photo-copied and counterfeit cheques; Inconsistent code-line details; Superfluous items; Alterations to cheques; Substitutions; Stolen Cheques; and Alterations to files.*

### **ECH Manager**

*An Individual or body corporate engaged by the ECHB to execute clearing duties and responsibilities.*

### **Member Banks**

*Licensed commercial banks who are shareholders of the ECHB Company*

## **ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES**

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### **Missing Unmatched (Electronic Journal) Record**

*An entry in the Electronic Journal for which a corresponding cheque has not been identified.*

### **Missing Matched**

*An entry in the Electronic Journal for which the details are the same as the details on the corresponding cheques except for the amount field.*

### **Nil Returns**

*These denote that there are no items to be exchanged between the presenting bank and the receiving one.*

### **Oversize Cheque**

*Cheques that exceed the 'size of cheque' defined in the Electronic Clearing House (Botswana) Rules and Procedures – Standards for Cheques and Debit Vouchers.*

### **Participant**

*A licensed commercial bank that participates in the clearing of payment instructions between banks and is represented at the Electronic Clearing House.*

### **Paying Bank/Branch**

*The bank that gives value for cheques or other debit instruments. However, in the case of Electronic Fund Transfers to credit an account at another bank, the paying bank is bank to be credited.*

### **Processing Centre**

*The operational center of a Clearing Bank or group of banks that prepares for and accepts transactions from the Clearing House. A Processing Centre will have as many settlements as the number of banks it is acting for.*

### **Payment**

*The payer's transfer of monetary claim on a party acceptable to the payee. Typically, claims take the form of banknotes or deposit balances held at a financial institution or at a central bank.*

### **Processing Endorsements**

*The printing of the Processing Centre system generated variable information on the rear of a voucher.*

### **Receiving Bank**

*The bank that receives value for cheques or other debit instruments.*

## **ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES**

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### **Return Code**

*A code to indicate the reason for returning a payment as Unpaid or Unapplied.*

### **Settlement**

*The finality of clearing that discharges obligations in respect of funds or securities transfers between clearing banks.*

### **Settlement File**

*The clearing file that contains a summary of the contents of the other clearing files submitted by a clearing center. This is the prime file from which positions are taken.*

### **Settlement Position File**

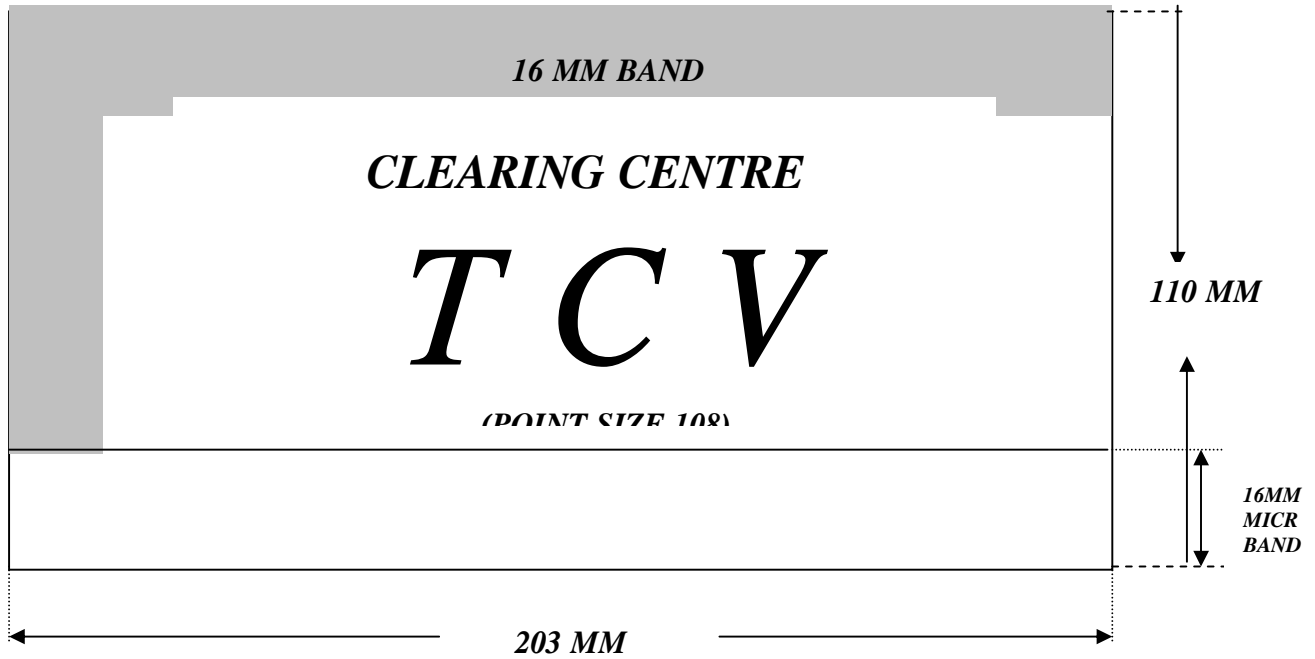
*A file of totals [volume and value] received from a collecting bank. The Settlement position file shall have entries for each of the other clearing banks, regardless of whether there are items to be exchanged between the presenting bank and the receiving bank.*

*ELECTRONIC CLEARING HOUSE (BOTSWANA)  
COMPANY*

*CONTROL VOUCHERS*

**ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES**

*Figure 1*



**1. TRAY CONTROL VOUCHER**

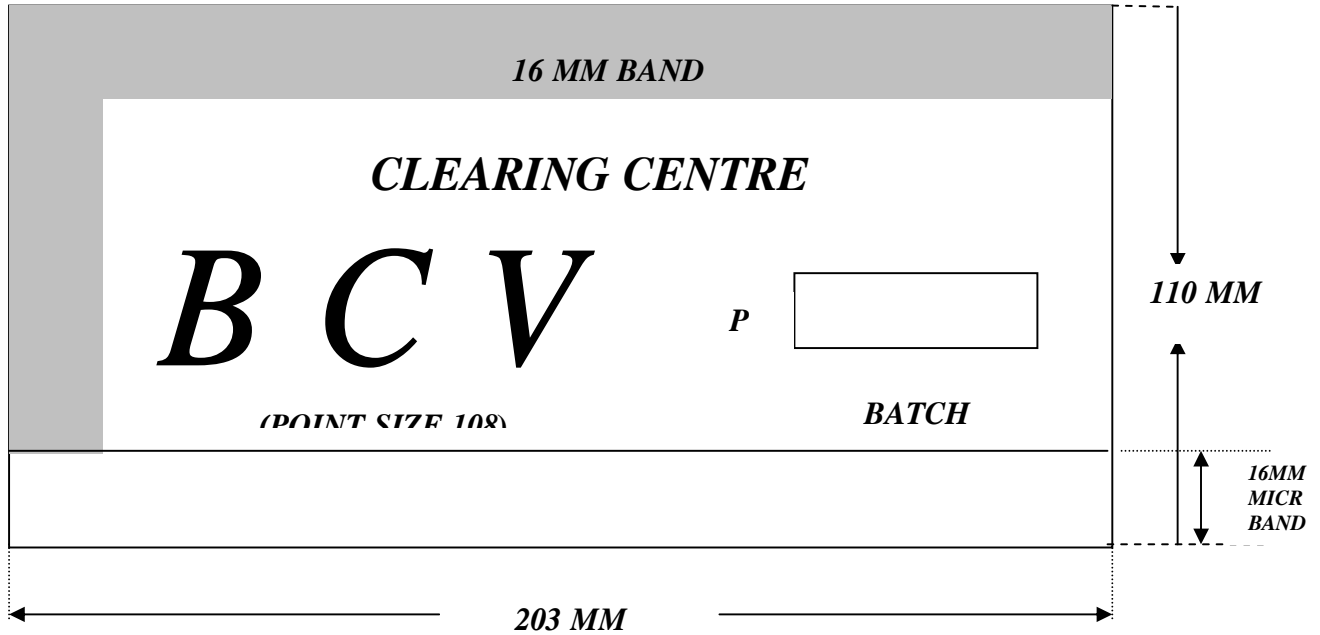
|  |  |  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |
|--|--|--|--|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|---|---|---|---|---|---|---|---|---|--|--|--|--|--|--|
|  |  |  |  | 44 | 43 | 42 | 41 | 40 | 39 | 38 | 37 | 36 | 35 | 34 | 33 | 32 | 31 | 30 | 29 | 28 | 27 | 26 | 25 | 24 | 23 | 22 | 21 | 20 | 19 | 18 | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |  |  |  |  |  |  |
|  |  |  |  | *  | 6  | 5  | 4  | 3  | 2  | 1  | *  | 2  | 1  | 0  | 0  | 2  | 2  | ?  | *  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |

? = SPACE  
 \* = SYMBOL



**MICR Code Line Format**

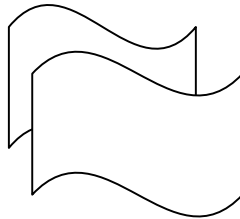
*Figure 2*



**2. BATCH CONTROL VOUCHER**



***TRANSACTION CODES STANDARDS FOR  
CHEQUES AND DEBIT VOUCHERS***



***ADDENDUM TO BOTSWANA STANDARDS FOR CHEQUES  
AND DEBIT VOUCHERS***

# ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

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## TRANSACTION CODES STANDARDS FOR CHEQUES AND DEBIT VOUCHERS (ADDENDUM TO BOTSWANA STANDARDS FOR CHEQUES AND DEBIT VOUCHERS)

### Introduction

*These Standards specify the requirements and specifications relating to the agreed Transaction Codes for all cheques and all other debit vouchers used for inter-bank payment exchanges in local currency between banks in Botswana.*

*These Transaction Codes Standards are to facilitate the automation of the clearing processes of cheques and debit vouchers. As the objective of automating the clearing is to accelerate the processing of inter-bank payments, it is vital that all banks co-operate by adhering to the standards set herein.*

*Non-compliance with these Transaction Codes Standards requirements will disturb the smooth operation of the overall system, the machines and all other processing. For this reason banks shall ensure full compliance with these Transaction Codes. Designers and suppliers of cheques and vouchers shall seek the advice and approval of their bankers.*

*All cheques and debit vouchers presented to the clearing banks shall conform to the standard transaction codes laid down in this document. Customers printing their own cheques shall refer their proposed designs to their respective clearing bank/s for approval and testing of transaction codes and MICR code line before issuing the cheques or vouchers for use.*

*These transaction Codes Standards are to be read and applied in conjunction with the Botswana Standards for Cheques and Debit Vouchers and the Botswana Banks Clearing House to which they are complementary. In any case where these Standards are in conflict with those, then the latter shall prevail.*

### Terminology

*In accordance with ISO practice, the words “shall” and “must” indicate a mandatory requirement, and “may” or “should” a preference.*

### Maintenance of these Transaction Codes Standards

*The Technical Clearing House Committee shall be responsible for the maintenance, updating and version control of these Transaction Codes Standards. Proposals for amendment to these Standards shall be addressed in writing to the Bank of Botswana for consideration by the Technical Clearing House Committee.*

*Any new bank opening for business in Botswana and wishing to participate in the operations of the Clearing House shall adhere to these Transaction Codes Standards from its first day of operation.*

### 1. Transaction and Voucher Type Codes

- (a) *Inter-Bank Cheques*
- (b) *Personal Cheque Size*

## ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

| <b>TRANSACTION AND VOUCHER TYPE</b>                                                                                                                     | <b>CODE</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <i>Reserved for Future Use Personal Cheque</i>                                                                                                          | <b>00</b>   |
| <i>Personal Cheque (Botswana Code Line)</i>                                                                                                             | <b>01</b>   |
| <i>Reserved for Future Use Personal Cheque</i>                                                                                                          | <b>02</b>   |
| <i>Cheque without a code-line (for use on the Electronic Journal and other Inter-bank files), including Non-MICR Cheques for Vostro Account Holders</i> | <b>03</b>   |
| <i>Reserve for Future Use "Sort by Hand"</i>                                                                                                            | <b>04</b>   |
|                                                                                                                                                         | <b>05</b>   |
|                                                                                                                                                         | <b>06</b>   |
| <i>Dividend Cheque</i>                                                                                                                                  | <b>07</b>   |
| <i>Pensions Cheque</i>                                                                                                                                  | <b>08</b>   |
| <i>Salary Cheques</i>                                                                                                                                   | <b>09</b>   |

**NOTE:** The use of codes 00, 01 and 02 does not restrict the use of the cheque.

### 1.2 Corporate Cheque Size

| <b>TRANSACTION AND VOUCHER TYPE</b>                | <b>CODE</b>  |
|----------------------------------------------------|--------------|
| <i>Reserved for Future Use</i>                     | <b>00</b>    |
| <i>Reserved for Future Use</i>                     | <b>02</b>    |
| <i>Corporate Cheque to be returned to customer</i> | <b>10</b>    |
| <i>Corporate Cheque</i>                            | <b>11</b>    |
| <i>Reserved for Inter-bank Truncation</i>          | <b>12</b>    |
| <i>Branch Money Order</i>                          | <b>13</b>    |
| <i>Bankers Money Order</i>                         | <b>14</b>    |
| <i>Travelers Cheque</i>                            | <b>15</b>    |
| <i>Negotiable Certificate of Deposit</i>           | <b>16</b>    |
| <i>Dividend Cheque</i>                             | <b>17</b>    |
| <i>Pensions Cheque</i>                             | <b>18</b>    |
| <i>Salary Cheque</i>                               | <b>19</b>    |
| <i>Treasury Bill Cheque</i>                        | <b>20</b>    |
| <i>Treasury Interest Warrant</i>                   | <b>21</b>    |
| <i>Reserved for Future Use</i>                     | <b>22-29</b> |

## ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

### 1.3 EFT Record and Voucher Type Codes

| <b>EFT VOUCHER TYPE CODES</b>                                                                  | <b>CODE</b>    |
|------------------------------------------------------------------------------------------------|----------------|
| <i>Cheque Replacement</i>                                                                      | 30             |
| <i>Reserved for Future Use (Inter-bank Remittance Commission - Up-country not Represented)</i> | 31             |
| <i>Reserved for Future Use (Inter-bank Remittance Commission - Remote and not represented)</i> | 32             |
| <i>Reserved for Future Use (Inter-bank Charges)</i>                                            | 33             |
| <i>Reserved for Future Use (Inter-bank Fine - Clearing Centre Generated)</i>                   | 34             |
| <i>Reserved for Future Use (Inter-bank Fine - Clearing Centre Generated)</i>                   | 35             |
| <i>Credit Card Payment</i>                                                                     | 36             |
| <i>Mortgage Payment</i>                                                                        | 37             |
| <i>Insurance Payment</i>                                                                       | 38             |
| <i>Tax Payment</i>                                                                             | 39             |
| <i>Direct Debit</i>                                                                            | 40             |
| <b>Co-operative Payment</b>                                                                    | 41             |
| <b>Loan Payment</b>                                                                            | 42             |
| <b>Utilities Payment</b>                                                                       | 43             |
| <b>Account Payment</b>                                                                         | 44             |
| <b>Reserved for Future Use</b>                                                                 | <b>45 - 49</b> |
| <i>Counter Credit (Cheques only)</i>                                                           | 50             |
| <i>Counter Credit (Cash only)</i>                                                              | 51             |
| <i>Counter Credit (Cheques and Cash)</i>                                                       | 52             |
| <b>Reserved for Future Use</b>                                                                 | <b>53</b>      |
| <b>Reserved for Future Use</b>                                                                 | <b>54</b>      |
| <i>Non-specific Standing Orders</i>                                                            | 55             |
| <i>Dividend Payment</i>                                                                        | 56             |
| <i>Pensions Payment</i>                                                                        | 57             |
| <i>Salary Payment</i>                                                                          | 58             |
| <i>Direct Credit</i>                                                                           | 59             |

### 1.4 Control Vouchers

| <b>TRANSACTION AND VOUCHER TYPE</b>                                     | <b>CODE</b> |
|-------------------------------------------------------------------------|-------------|
| <i>Tray Control Voucher (TCV)</i>                                       | 70          |
| <i>Batch Control Voucher (BCV)</i>                                      | 71          |
| <i>Unpays Claim Control Voucher (UCV)</i>                               | 72          |
| <b>Reserved for Future Use Sort by Hand Batch Control Voucher (SHV)</b> | <b>73</b>   |
|                                                                         | 74          |
| <i>Totals Record (for EFT Use only)</i>                                 | 75          |
|                                                                         | 76          |
|                                                                         | 77          |
|                                                                         | 78          |
| <i>Test Control Voucher</i>                                             | 79          |

## ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

### 2. Reasons for Return Codes – Processing Type Records

#### 2.1 Reserved Codes – Summary of Processing Type Codes

| <b>CODE</b>    | <b>INTERPRETATION</b>                                       |
|----------------|-------------------------------------------------------------|
| 00 – 29        | <i>Processing and Record type (see below)</i>               |
| 30 – 79        | <i>Unpaid/unapplied Reasons for Returned Codes</i>          |
| <b>80 – 89</b> | <b><i>Reserved for Future Use (Fines and Penalties)</i></b> |
| <b>90 – 99</b> | <b><i>Reserved for Intra-bank use</i></b>                   |

#### 2.2 Processing and Record Types – Interbank Processing Records

| <b>CODE</b>    | <b>INTERPRETATION</b>                                                  |
|----------------|------------------------------------------------------------------------|
| 00             | <i>Transaction being Presented</i>                                     |
| <b>01</b>      | <b><i>Reserved for Future Use</i></b>                                  |
| 02             | <i>Missing – matched</i>                                               |
| 03             | <i>Free - matched</i>                                                  |
| 04             | <i>Missing – unmatched</i>                                             |
| 05             | <i>Free – unmatched</i>                                                |
| 06             | <i>Cheques Settlement Record – Automated Clearing</i>                  |
| 07             | <i>Electronic Funds Transfer – Debit Settlement Record</i>             |
| 08             | <i>Electronic Funds Transfer – Credits Settlement Record</i>           |
| <b>09</b>      | <b><i>Reserved for Future Use</i></b>                                  |
| <b>10</b>      | <b><i>Reserved for Future Use “Wrongly Delivered”</i></b>              |
| 11             | <i>Document Mutilated because of staples, pins, clips etc</i>          |
| 12             | <i>Mutilated Cheque</i>                                                |
| 13             | <i>Mutilated Cheque requires bank’s confirmation</i>                   |
| 14             | <i>Cheque previously advised as missing – returned Unpaid</i>          |
| 15             | <i>Cheque previously advised as missing – found at Clearing Centre</i> |
| 16             | <i>Control Voucher Record</i>                                          |
| <b>17</b>      | <b><i>Reserved for Future Use</i></b>                                  |
| 18             | <i>Header Record</i>                                                   |
| 19             | <i>Trailer Record</i>                                                  |
| <b>20</b>      | <b><i>Reserved for Future Use</i></b>                                  |
| 21             | <i>Cheque Defaced</i>                                                  |
| 22             | <i>Unapplied and Unpaid Electronic Funds Transfer Record</i>           |
| <b>23 – 29</b> | <b><i>Reserved for Future Use</i></b>                                  |

## ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

### 2.3 Unpaid/Unapplied Reasons for Return Codes

#### Processing and Record Types

| <b>CODE</b>        | <b>INTERPRETATION</b>                                                     |
|--------------------|---------------------------------------------------------------------------|
| 30                 | <i>Cheque Unpaid and retained because of suspected Criminal Activity.</i> |
| 31                 | <i>Date expired - Cheque stale</i>                                        |
| 32                 | <i>Post-dated</i>                                                         |
| 33                 | <i>Date Irregular</i>                                                     |
| 34                 | <i>Date required</i>                                                      |
| 35                 | <i>Irregularly Drawn</i>                                                  |
| 36                 | <i>Payee Name required</i>                                                |
| 37                 | <i>Unpaid Transit Item</i>                                                |
| 38                 | <i>Time Barred</i>                                                        |
| 39                 | <i>Represented Cheques</i>                                                |
| 40                 | <i>Amount in Words and figures differ</i>                                 |
| 41                 | <i>Amount in Words required</i>                                           |
| 42                 | <i>Amount in figures required</i>                                         |
| 43                 | <i>Amount in figures irregular (or incomplete)</i>                        |
| <b>44 – 46</b>     | <b><i>Reserved for Future Use</i></b>                                     |
| 47                 | <i>Bank Stamp required</i>                                                |
| 48                 | <b><i>Non-MICR Cheque</i></b>                                             |
| 49                 | <i>Crossing Irregular</i>                                                 |
| 50                 | <i>Endorsement requires bank's confirmation</i>                           |
| 51                 | <i>Endorsement required</i>                                               |
| 52                 | <i>Endorsement Irregular</i>                                              |
| 53                 | <i>Drawer Signature Required</i>                                          |
| 54                 | <i>Second Signature Required</i>                                          |
| 55                 | <i>Not signed in accordance with mandate/specimen held</i>                |
| 56                 | <b><i>Reserved for Future Use</i></b>                                     |
| 57                 | <i>Alteration requires drawers signature</i>                              |
| 58                 | <i>Mutilation requires confirmation</i>                                   |
| 59                 | <i>Cheque Written in Pencil</i>                                           |
| <b>60 &amp; 61</b> | <b><i>Reserved for Future Use</i></b>                                     |
| 62                 | <i>Effects not cleared</i>                                                |
| 63                 | <i>Refer to Drawer (Insufficient funds)</i>                               |
| 64                 | <i>No Account</i>                                                         |
| 65                 | <i>Account Stopped</i>                                                    |



## ELECTRONIC CLEARING HOUSE [ECH] RULES AND PROCEDURES

| <b>CODE</b> | <b>INTERPRETATION</b>                               |
|-------------|-----------------------------------------------------|
| 66          | <i>Account Stopped – in Liquidation/provisional</i> |
| 67          | <i>Reserved for future use</i>                      |
| 68          | <i>Drawer Deceased</i>                              |
| 69          | <i>Account Closed</i>                               |
| 70          | <i>Account not stated</i>                           |
| 71          | <i>Reserved for Future Use</i>                      |
| 72          | <i>Account Blocked/Frozen</i>                       |
| 73          | <i>Item not provided for</i>                        |
| 74          | <i>Payment Stopped</i>                              |
| 75          | <i>Reserved for Future Use</i>                      |
| 76          | <i>Reserved for Future Use</i>                      |
| 77          | <i>Reserved for Future Use</i>                      |
| 78          | <i>Wrongly cleared</i>                              |
| 79          | <i>Reserved for Future Use</i>                      |

### 2.4 Charges and Fines Codes Reserved for Future Use

| <b>CODE</b> | <b>INTERPRETATION</b>                                  |
|-------------|--------------------------------------------------------|
| 80          | <i>Reserved for Future Use – Introduction of VIRUS</i> |
| 81          | <i>Reserved for Future Use – Late Delivery to ECH</i>  |
| 82          | <i>Reserved for Future Use</i>                         |
| 83          | <i>Reserved for Future Use</i>                         |
| 84          | <i>Reserved for Future Use</i>                         |
| 85          | <i>Reserved for Future Use</i>                         |
| 86          | <i>Reserved for Future Use</i>                         |
| 87          | <i>Reserved for Future Use</i>                         |
| 88          | <i>Reserved for Future Use</i>                         |
| 89          | <i>Reserved for Future Use</i>                         |
| 90 -99      | <i>Reserved for Interbank Use</i>                      |

### 3. Intra-Bank and Intra-Centre Vouchers

*Transaction codes in the range 90 to 99 are reserved for Intra-bank use. Although the expectation is that vouchers with these codes will not be exchanged with other banks, accidentally they could be passed to another bank. Accordingly vouchers with these codes shall be encoded with a bank code designating the bank using the voucher.*

### 4. Foreign Currency Cheques

*Banks may issue cheques for use with currencies other than Pula. These cheques shall not be exchanged at the Clearing House. So that they may be identified, if these cheques inadvertently are included with the local currency clearing, Vouchers Type Codes 60 to 69 have been allocated.*

**NOTE:** *If a Foreign Currency cheque is found in the local currency clearing it shall be treated as a wrongly cleared cheque.*