

Easy Clear Service Terms and Conditions

A. SCOPE OF SERVICE/S

1. RCBC shall act as CLIENT's conduit and clearing bank in the Clearing System administered by the Philippine Clearing House Corporation ("PCHC") for Checks of CLIENT's depositors ("Client Customer"). For the avoidance of doubt, the Services under this Addendum includes only Checks for Clearing and excludes the encashment of any checks or checks that do not need to be transmitted through the Clearing System for presentation to a Drawee Bank.

2. This PTC shall take effect upon execution of the CMS enrollment form (CEF) and shall remain in force and in effect until terminated by either party pursuant to Section F (Term and Termination) of the CCM Master Terms and Conditions (MTC).

B. DEFINITIONS

1. **Clearing** - means the procedure for the presentation and payment of Checks among banks or financial institutions participating in the Clearing System, as administered by the PCHC and governed by the Clearing Rules.
2. **Clearing Day** - a Banking Day and any other days determined by the PCHC as a non-Clearing day.
3. **Clearing Rules** - includes all rules, regulations, memoranda, instructions, and orders issued by the PCHC relating to Clearing or the Clearing System, as may be amended or supplemented from time to time.
4. **Check** - a check (including the physical copy and image of such check) drawn on any bank or financial institution participating in the Clearing System and which conforms to Clearing Rules' standards and specifications. A Check may either be Check drawn against a current account maintained with Client ("**Inward Check**") or a Check drawn on an account with another bank or financial institution and deposited by a Client Customer in his/her/its account maintained with Client ("**Outward Check**").
5. **Drawee Bank** - a bank or financial institution, other than Client, against which an Outward Check is drawn.
6. **Presenting Bank** - a bank or financial institution which transmits, through the Clearing System, an Inward Check for payment.
7. **Prescribed Period** - the time frame or period prescribed by RCBC within which the Client shall transmit any Check, report, or document.
8. **Returned Check** - an Outward Check that has been refused payment by a Presenting Bank.
9. **RCBC System** - the Program(s) designated by RCBC for use in transmitting Inward Check images and dispositions on such Checks.

C. CLEARING SETTLEMENT ACCOUNT

The CLIENT shall designate Clearing Settlement Account/s or the "Account/s" with RCBC where all deposits and/or check clearing transactions will be credited and/or cleared and the pertinent fees and charges will be debited by RCBC. Details of the "Account/s" shall be based on the RCBC Easy Clear Implementation or its equivalent Enrollment Form.

D. CONSIDERATION

The CLIENT agrees to comply with the commercial and payment terms stated in the CEF, or its equivalent Enrollment/Maintenance Form.

E. TERM

This Addendum shall take effect upon execution of this instrument and shall remain in force and in effect until terminated pursuant to the CCM Agreement.

F. HANDLING OF CHECKS

1. RCBC shall process all Checks in accordance with the Clearing Rules, which Client has read, understood, and accepted as indirect participant to the Clearing System. In addition to the Clearing Rules, Client and RCBC agree that the Checks shall also subject to the procedures in this Addendum.
2. **Outward Checks**
 - a. Within the Prescribed Period, Client shall transmit to RCBC any Outward Checks for presentation to Drawee Banks through the Clearing System.

- b. Where Client has availed of RCBC's services and facilities for depositing Outward Checks through Client-generated check images ("CheckScan Services") instead of physical copies of such Outward Checks, the term "Outward Checks", as used in this Agreement, shall include such Client-generated check images transmitted to, validated by, and accepted for deposit by RCBC under such CheckScan Services.
- c. Client shall not transmit to RCBC as Outward Checks ("Ineligible Checks") any Checks that:
 - i. contain technical defects, as defined under the Clearing Rules, or any other characteristic or deficiency that makes Checks unacceptable for Clearing or transmission through the Clearing System under the Clearing Rules;
 - ii. are counterfeit or contain forged signatures or endorsements or which have otherwise been issued or endorsed without the consent of Client Customer or the Check's payee or prior endorser(s), as applicable;
 - iii. are payable to any state or government (local or foreign), government-owned or controlled corporation, or government authority, unit, agency, or office;
 - iv. violate, or may be used as a means to violate, any applicable law or Banking Regulations;
 - v. RCBC may from time to time exclude from the scope of this Agreement or which are analogous or similar to the foregoing.
- d. RCBC shall transmit all Outward Checks to the Drawee Banks through the Clearing System, in accordance with the Clearing Rules. RCBC shall have no obligation to process the Clearing of any Ineligible Checks.
- e. RCBC's standard procedures and turnaround times on check deposits shall apply to Outward Checks.

3. Inward Checks

- a. RCBC shall provide Client with access to RCBC System.
- b. On each Clearing Day, RCBC, through RCBC System, shall transmit to CLIENT all Inward Check images and corresponding information received through the Clearing System. Client shall examine and verify each Inward Check image in accordance with its internal policies and procedures. On or before 10:00 p.m. of the same Clearing Day, or on such other Prescribed Period Client shall provide on RCBC System its disposition for each Inward Check.
- c. In case the RCBC System becomes unavailable on a Clearing Day, such that Client is unable to view and/or download the Check Images and/or transmit Inward Check disposition, Client shall promptly inform RCBC. RCBC shall exert commercially reasonable efforts to restore Client's access to RCBC System or provide alternative channels to facilitate the procedure in Section 3.b.
- d. RCBC shall debit the Clearing Settlement Account for the total amount of Inward Checks that Client has accepted for payment.
- e. In the event that Client fails to provide disposition within the period provided in Section 3.b for some or all Inward Checks transmitted by RCBC, Client shall be deemed to have accepted such Inward Checks for payment, without need of any further notice to or consent from Client.
- f. Client shall ensure that on each Clearing Day, its Clearing Settlement Account shall be sufficiently funded to pay all Inward Checks it accepted for payment. Otherwise, RCBC shall, without need of any further notice to or consent from Client and notwithstanding Client's Inward Check disposition on RCBC System: (i) honor Inward Checks only to the extent of Client's funds in the Clearing Settlement Account, starting from Inward Checks of the smallest amount; and (ii) return all other Inward Checks that cannot be accommodated by Client's funds in the Clearing Settlement Account. Client shall be fully responsible for all claims and liabilities that may arise from any returned Inward Checks under this Section.
- g. This Section, and all references to Inward Checks in this Addendum, shall not apply to Clients which do not offer current or checking accounts to their depositors.

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G. USE OF RCBC SYSTEM FOR INWARD CHECKS

1. Client shall designate its users and approvers for RCBC System.
2. CLIENT undertakes to keep, and shall cause all of its designated users and approvers to keep, all usernames, passwords, personal identification numbers (PINs) and similar security information ("Security Information") for accessing and using RCBC System strictly confidential at all times. Where RCBC issues any initial or temporary Security Information to CLIENT for accessing RCBC System, CLIENT undertakes to promptly comply with RCBC's instructions for the use and/or change of such Security Information
3. CLIENT understands that all transactions authenticated by its Security Information shall be deemed authorized by CLIENT. For this purpose, CLIENT undertakes to strictly monitor access and use of RCBC System by its designated users and approvers and shall ensure that Security Information is disclosed only to its designated users and approvers, or where such users and approvers are no longer authorized to act as such, whether due to their separation from employment in CLIENT or any other reason, CLIENT shall take all necessary steps, such as by changing the relevant Security Information, to prevent such users and approvers from further accessing RCBC System. In the event that the confidentiality of CLIENT's Security Information is compromised in any manner, or the device(s) used by CLIENT's designated users and approvers to access RCBC System is lost, stolen, or otherwise no longer in their possession, CLIENT shall cause the following to be done immediately: (a) change or update such Security Information; (b) block access to such devices or RCBC System in a manner that shall prevent their unauthorized use by third persons; and (c) notify RCBC about the incident.
4. CLIENT shall ensure that the RCBC System is used strictly in accordance with all reference material, instructions, requests, and notices from RCBC.
5. CLIENT undertakes to notify RCBC immediately of any failure or delay in the execution of transactions, instructions, dispositions, or defect relating to the RCBC System.
6. CLIENT may request RCBC's assistance to correct or undo erroneous transactions, check dispositions, reports, or files due to the CLIENT's own fault or negligence, the costs for which shall be for CLIENT's account.

H. CLIENT'S WARRANTIES AND OTHER OBLIGATIONS

1. The Client represents, warrants, and guarantees to RCBC; (a) it is a duly registered bank or financial institution, and is duly licensed and authorized to operate as such and accept or offer demand deposits under applicable law or Banking Regulations; (b) it has been admitted by PCHC, or is in the process of applying with the PCHC for admission, as an indirect participant in the Clearing System; (c) the correctness and validity in all respects of all Check Disposition Reports and any other documents, information, and instructions that the Client may provide and/or has provided to RCBC in relation to the Checks and this Agreement (collectively, the "Information"); and (d) with or without the Client's endorsement on any Outward Checks transmitted by Client to RCBC under this Agreement, that (i) such Outward Checks shall be have been previously examined, verified, and confirmed by Client as compliant with applicable law or Banking Regulations and Client's internal controls, plans, and procedures ("Client Policy"), which includes the verification of the identity and source of funds of Client Customer who deposited such Checks with Client; (ii) the genuineness and validity of such Checks; (iii) the capacity to contract of all prior parties, if any, to such Checks and the authenticity of their respective endorsements; and (iv) Client Customer's good title to and authority to receive the proceeds of such Checks, to the exclusion of all other parties.
2. Client waives, and hereby so waives, protest for non-acceptance and non-payment of the Checks, where applicable.
3. Client shall comply with (a) all applicable provisions of the Manual of Regulations for Banks, particularly its Check Clearing Rules for Banks Authorized to Accept Demand Deposits and (b) RCBC's practices, procedures, or terms and conditions, written or otherwise, applicable to the Checks, including, but not limited to, due diligence and transaction verification procedures, RCBC's terms and conditions for the Account/s, any other agreement/s executed by Client and RCBC in relation to the Account/s, all current and future amendments and supplements to such terms and conditions and agreements, and all other requirements as RCBC may communicate to the Client from time to time.
4. In the event that RCBC becomes impleaded or involved in a dispute, inquiry, or complaint concerning any Checks, or upon RCBC's written request, Client shall, within three (3) Banking Days from RCBC's request and to the extent authorized by applicable law or Banking Regulations, Client undertakes produce and deliver to RCBC all information and documents that RCBC may require on the Checks, including, but not limited to, identification documents of Client Customers and any prior parties to the Checks.