

PHILIPPINE CLEARING HOUSE CORPORATION

Manila, Philippines

Memo Circular No. 3497

December 17, 2018

T O : All PESONET PARTICIPATING BANKS/INSTITUTIONS

R E : PESONET AUTOMATED RETURNS PROCESS

1. Further to Memo Circular (MC) No. 3477 dated September 18, 2018, we wish to inform that the PESONet ACH Steering Committee in its meeting of December 12, 2018 approved the implementation of the **PESONET AUTOMATED RETURNS PROCESS** effective **01 March 2019**.
2. To recall what were described in MC No. 3477, an **Outward Return Transaction** will be automatically generated by the CSO upon issuance of a **FAILED** status code by the RFI. Said outward transaction will become part of the Original OFI's inward transactions the following clearing day. The amount of the Outward Return Transaction will be made in full and will also include additional information, as follows:

OFI Reference Number	PCHC-Generated
RFI Reference Number	Original OFI Reference Number of the Transaction
Transaction Code	9 (indicating a Return Item)
Activity Code	901 for Non-Chargeable Return Items 902 for Chargeable Return Items
Category/Purpose Code (Web Service API)	IPCA for Non-Chargeable Return Items IPRT for Chargeable Return Items

3. An **Authorizer approval** (as an added feature), shall be required to be able to update/upload a PESONet Status Update File that contains the status of transactions via Manual Entry through the PESONet Front-End Application.
4. As PESONet participants are mandated to provide a status update to all inward PESONet transactions on or before 11:00 PM of the day transaction were received, we wish to remind that the only following FINAL status codes will be accepted:

2.1 Success Statuses

Status Code	Status Name	Description
DS07	ProcessingOK	Successfully credited to customer's account

2.2 Failed Statuses

Status Code	Status Name	Description
AC03	InvalidCreditorAccountNumber	Beneficiary account number is invalid for any reason (i.e. incorrect account number, dormant, closed, blocked, frozen)
BE01	InconsistentWithEndCustomer	Account name of the Beneficiary Account does not match the name of the Beneficiary indicated in the Payment Item
CURR	IncorrectCurrency	Currency of the Beneficiary Account

		does not match the currency of the Payment Item
AM21	LimitExceeded	Crediting the Beneficiary Account with the amount indicated in the Payment Item will cause the Beneficiary Account's balance limit to be exceeded
DS02	OrderCancelled	There was a recall instruction from the OFI
RR04	RegulatoryReason	Payment Item could not be credited to the Beneficiary Account because it requires additional information to comply with Regulatory or Internal Risk Management Policies
AC06	BlockedAccount	Product/Account is not allowed to be funded via PESONet
DS04	OrderRejected	Beneficiary account could not be funded within the prescribed timeframe

2.3 Hold Status

Status Code	Status Name	Description
DS06	TransferOrder	Funds have been held by the RFI to comply with OFAC regulations

- Participants that are unable to provide statuses by 11:00 PM cut-off may still update statuses of their inward transactions up to 2:00 PM of the following clearing day. After 2:00 PM, no further status update will be accepted for the affected transactions. The affected transactions will be reflected as having **'No Status'**.
- Inquiries and/or return of funds for transactions that have not received a FINAL status **shall be handled** by the parties involved **outside of PESONet**.
- Effective 01 March 2019 also, returned transactions with specific status codes shall be levied a Php100.00 Interbank Return Item Fee payable by the OFI to the RFI while a Php5.00 PCHC Return Item Fee will be collected by PCHC from the RFI, to wit:

Status Code	Status Name	Description
AC03	IncorrectAccountNumber	Account number indicated on the Payment Item is invalid
CURR	IncorrectCurrency	Currency of the Beneficiary Account does not match the currency of the Payment Item
AM21	LimitExceeded	Crediting the Beneficiary Account with the amount indicated in the Payment Item will cause the Beneficiary Account's balance limit to be exceeded
DS02	OrderCancelled	There was a recall instruction from the OFI

- All other return items shall be subject to the usual Php1.00 per outward transaction fee.
- PCHC shall generate a report detailing the total number of return transactions sent and/or received by each participant for a month on the first banking day of the succeeding month. This report shall be made available through the PESONet Front-End Application.

10. The Php5.00 Return Item fee charged by PCHC shall form part of a participants' PESONet billing for each month and shall be settled via Charge Slip.
11. The Php100.00 Return Item Fee payable by the OFI to the RFI shall be settled via an Outward PESONet transaction to be created by PCHC on behalf of the OFI and sent the RFI five (5) banking days after the first banking day of each month. This transaction, an Interbank Fee Settlement transaction shall contain the following technical information:

OFI Reference Number	PCHC-Generated Reference Number
Transaction Code	2 (indicating an item with Collection Notice)
Activity Code	201
Category/Purpose Code (Web Service API)	FEES

12. In order to expedite reconciliation and processing of EPCS Inward File containing the foregoing transactions, PCHC will indicate a participants' nominated account number as remitter or beneficiary, as applicable, in the corresponding outward and inward transactions made on behalf of a participant for Interbank Fee Settlement transactions.
13. Participants may nominate the account number to be indicated for Interbank Fee Settlement transactions through the PESONet Front-End Application.
14. Updates to the PESONet Front-End Application and the PESONet Web Service API shall be made available in for inspection by participants in the UAT environment on **17 December 2018**.
15. A formal UAT activity will be conducted from **21 January 2019 thru 01 February 2019**. A UAT Sign-Off will be required from all participants upon completion of this activity.
16. For information and guidance.


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