

# CHEQUES IN LAW & PRACTICES

---

LEGAL DISCUSSION

PRESENTED BY: AKRAM KORANY

## 2<sup>ND</sup> DAY DISCUSSION MAPPING

---

- Cashing & Payment :
- Negotiation Of Check:
- Security:

# CASHING & PAYMENT

---

- Check Payment Amount: Legal Amount & Courtesy Amount
- Check Payment Amount is payment obligation of the Drawn On (Drawee) Bank to pay to the beneficiary the amount as mentioned in the Check. In other words, it is the amount existed on the drawn on account .
- The Payment Amount of the Check is known as “the Balance of the Check”.
- The Check Balance or “Payment Amount” must be credited in the Drawer’s account at the time of issuing the Check .

# CASHING & PAYMENT

## PAYMENT CONDITIONS,

---

- **First Condition:**The Check amount “Balance” has to be existed (credited) in the Drawer’s account on the date of issuance, except of crossed checks.
  - This is an practical issue for the Banks and financial institutions affiliated to Banks.
- **Second Conditions:** It has to be in the form of currency (cash). The securities or goods can not be acceptable as checks payment amount.

# CASHING & PAYMENT

## PAYMENT CONDITIONS,

---

- **CryptoCurrency** : Cryptocurrency denotes a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the execution of payment transactions on a decentralized network.
- **Money**: means the official currency issued by the CBE or approved to be as foreign currency.
- **Digital Money**: as per the CBE's law it is the digital currency evaluated by the Egyptian Pound and digitally stored and used as payment means.
- Bitcoin is prohibited by the Egyptian law. However, there is not what's called Bitcoin checks.
- <https://bitcoincheque.org/>

# CASHING & PAYMENT

## PAYMENT CONDITIONS,

---

- **First Condition:**The Check amount “Balance” has to be existed (credited) in the Drawer’s account on the date of issuance, except of crossed checks.
  - This is an practical issue for the Banks and financial institutions affiliated to Banks.
- **Second Conditions:** It has to be in the form of currency (cash). The securities or goods can not be acceptable as checks payment amount.
- **Third Condition:** the Amount of check as to be covered in drawn on account. \\
- **Fourth Conditions:** the amount shall be payable with any restrictions, conditions or permissions.

# CASHING & PAYMENT

---

- The First and Very Important Rule:“ Check is payable on the date of its presentation regardless the maturity date.
- In case there are many checks presented at the same time, the priority will be to the order of their issuance dates.
- The Currency of the payment must be the currency of the check.
- In case the currency in the account is different than the currency of the check , the beneficiary has the option to choose between (accepting the payment by the Egyptian Pound according to the exchange rate, or reject the settlement).

## CASHING & PAYMENT

---

- The exchange rate will be calculated on the date of presentation or the date of payment.
- In case of common name like (Dollar) or (Riyal) or so on, the currency of the account will prevail.
- In case there all many different currencies in the account , the currecy of the least exchange rate will be applicable.



# CASHING & PAYMENT

## CONFIRMATION

---

- Confirmation is the process that the Bank accepts the drawing of the check and confirm that the check amount is credited in the drawer account.
- The Bank can not refuse confirmation as long as the account has sufficient fund equal to the amount of the check.
- The confirming bank will hold the amount until the proper presentations of the check.
- The confirming bank will not remove the hold except after receiving the check or get a court order with that.

# CASHING & PAYMENT

## PARTIAL SETTLEMENT

---

- What is a partial settlement? It is the case where the balance is not sufficient to settle the whole amount of the check.
- The law gives the payee (beneficiary, endorsee, bearer) the option to accept or reject the partial settlement.
- The Bank has to disclose the balance.
- If the payee accepts the partial payment, the bank has to take a copy of the check and record this partial payment.
- The Payee still has the right to enforce the remaining of the checks according to the enforcement rules.

# NEGOTIATION

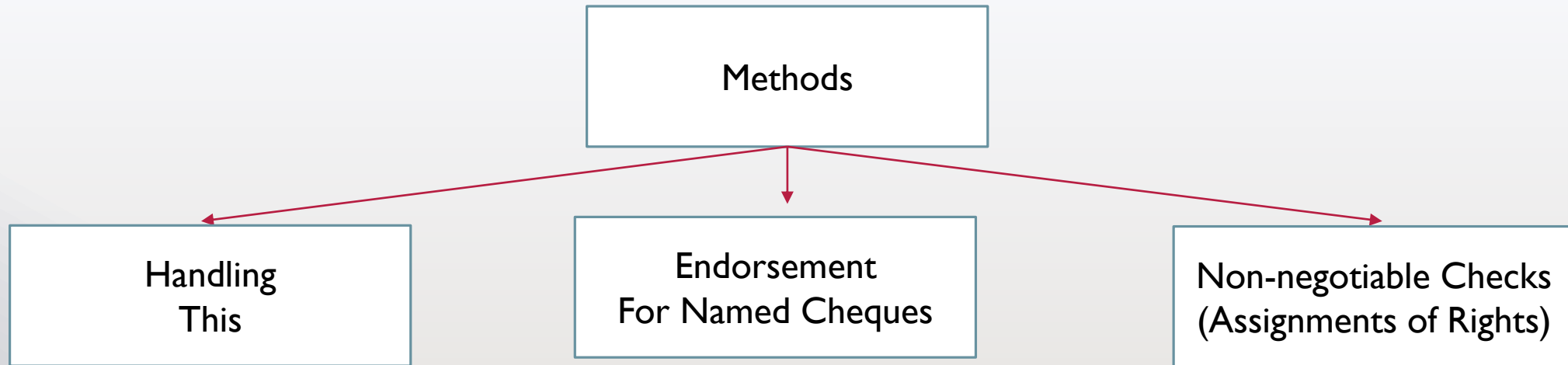
- Negotiation of Cheques: Simply means the circulation and trade of cheques. Transferring the cheques and the rights from its original beneficiary or bearer to a third party.



# NEGOTIATION

- 
- **Negotiation of Cheques:** Negotiation of Checks is crucial for certain type and modes of finances, such as:
  - **Receivable Finance:** in the form of discounting finance, many merchants sell there postdated received with certain discounted rate.
  - **Factoring:** it is a financing instrument, pursuant to which a business owner may purchase existing and future financial rights generated from a commercial sales and provision of services.
  - **Certain Real Estate Finance:** Operating Accounts that generate the cash through the checks payments.

# NEGOTIATION



# NEGOTIATION

## Methods

- Endorsement: Simply is method to transfer the checks from a named beneficiary to a third party.
- Types of Endorsements:
  - For Collection
  - As Agent
  - Transferring of title

# NEGOTIATION

---

## Methods

- **Endorsement Conditions:**
  - **Unconditional Endorsement.** Any conditions will be null and void.
  - **Partial Endorsement** is not acceptable.
  - **The endorsement** has to be on the check itself.

# NEGOTIATION

---

## Methods

- Endorsement :
  - Transfers all the rights of the check from the first beneficiary or previous endorsers to the ultimate endorsee.
  - The endorsers will be liable for the checks unless agreed otherwise.
  - The ultimate bearer of the owner of the checks in no gap between the previous endorsements.



# SECURITY

---

Likewise the bills of exchange, the Law allows the collateral security on the check. It is a third party guarantee the settlement of the check.

The additional third party collateral has no special form. It could be in any form, but has to be on the face of the check.

The addition securing party will be liable for the payment of the check jointly with the drawer.