

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

FIFTEENTH CONGRESS  
Second Regular Session

House Bill No. 6331



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Introduced by Congressman Lord Allan Jay Q. Velasco

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**EXPLANATORY NOTE**

Since its inception on February 03, 1911, the Negotiable Instruments Law has yet to encounter any significant changes or amendments despite the various changes in commercial practices not only in the Philippines but with the rest of the world. An instance of such change in practice is the prevalence of the use of crossed checks in commerce. Ironically, the prevailing law on such instruments is bereft of any provision pertaining to the application of crossing checks. In fact, perusal of Act 2031 would not yield any detection of the term "crossed check."

Despite this conundrum, numerous case laws that have been furnished by the Supreme Court maintaining the application of these instruments in commercial transactions and the consequent rights and liabilities available to the parties involved. To this end, this bill seeks to provide the practice of issuing crossed checks a firm legal basis in its application.

In view of the foregoing, passage of this bill is hereby being earnestly sought.

  
LORD ALLAN JAY Q. VELASCO

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**AN ACT**  
**EXPANDING ACT NO. 2031, ALSO KNOWN AS THE NEGOTIABLE INSTRUMENTS**  
**LAW INSERTING PROVISIONS PERTAINING TO CROSSING OF CHECKS**

*Be it enacted by the Senate and the House of Representatives in Congress assembled:*

Section 1. New Sections 185-A, 185-B, 185-C are hereby inserted into Act No. 2031, to read as follows:

Section 185-A. *Definition of general and special crossing of checks.* - Where the cheque bears across its face an addition of the words "and Company" or any abbreviation thereof between two parallel transverse lines; either with or without the words "not negotiable"; or two parallel transverse lines simply, either with or without the words "not negotiable", that addition constitutes a crossing, and the cheque is crossed generally.

Where a cheque bears across its face an addition of the name of a banker either with or without the words "not negotiable", that addition constitutes a crossing, and the cheque is crossed specially and to that banker.

Section 185-B. *Crossing a material part of cheque* - A crossing authorised by this Act is a material part of the cheque; it shall be unlawful for any person to obliterate or, except as authorised by this Act, to add to or alter the crossing.

Section 185-C. *Effect of crossing on holder.* - Where a person takes a crossed cheque, he shall not have and shall not be capable of giving of better title to the cheque than that which the person from whom he took it had. It also has the following effects:

- a. The check may not be encashed but only deposited in a bank;

- b. The check may be negotiated only once to one who has account in the bank;
- c. The act of crossing a check serves as a warning to the holder thereof that the check has been issued for a definite purpose so that the holder must inquire if he has received the check pursuant to that purpose.

Section 2. *Repealing Clause.* - All laws, ordinances, rules, regulations, and other issuances or parts thereof, which are inconsistent with this Act are hereby repealed or modified accordingly.

Section 3. *Effectivity* – This act shall take effect fifteen days (15) after publication in at least two (2) national newspapers of general circulation.

Approved,