

Summary of Changes to Operating Circulars

Operating Circular 3, “Collection of Cash Items and Returned Checks,” effective July 2, 2001

Appendix G, Check Services Accessible By Internet

This new Appendix establishes terms under which banks can use the Internet to access Federal Reserve check collection and return services. The Appendix includes terms addressing delivery and receipt of data, notice-giving, presentment and return of items, duty to retrieve, contingency, and other related FedLine® for the Web conditions.¹

Changes to Conform to SOPs

Beginning at section 12.1, changes have been made to conform the Circular to adjustments standard operating procedures. Some of the changes include ties to the *Check Adjustments Quick Reference Guide*, change in the dollar amount for which we do not generally process adjustments, and other changes related to NOIs, claims for breach of warranty, returns, and photocopies.

Cut-Off Hour

The Circular now includes a paragraph (20.1) that establishes a 2:00 p.m. cut-off hour for the receipt of items.

New Paragraph, Appendix F

A paragraph has been added that clarifies the legal effect of receiving a same-day-settlement cash letter after 8:00 a.m. but prior to a paying bank’s cut-off hour.

Circular 3 should be reviewed in its entirety to determine other minor technical amendments.

¹ “FedLine” is a registered trademark of the Federal Reserve Banks.

Summary of Changes to Operating Circulars

Operating Circular 4, “Automated Clearing House Items,” effective June 25, 2001

Settlement Day Finality for ACH Credits

Under settlement day finality, settlement for ACH forward credit transactions processed by the Federal Reserve is final when posted to bank accounts at 8:30 a.m. Eastern Time. Prefunding is required for any ACH credit originations that settle through the Federal Reserve account of a depository institution that is being monitored in real time. Settlement day finality reduces risk to receiving depository institutions and receivers and the prefunding requirement permits the Reserve Banks to effectively manage their settlement risk.

International ACH Service to Canada (effective July 23, 2001)

The Federal Reserve’s International ACH Service provides financial institutions with a cost-effective, convenient and efficient method for exchanging payments between the U.S. and Canada. This service, which has been operating in pilot mode, is being implemented in production following the implementation of settlement day finality for credit transactions.

Revised End-of-Day Deposit Deadline (effective July 23, 2001)

The closing time for end-of-day deposits by sending banks is being moved from 3:00 a.m. Eastern Time to 2:15 a.m. Eastern Time in conjunction with the implementation of interoperator deposit deadlines for ACH transactions the Reserve Banks exchange with private-sector ACH operators (PSOs).

Circular 4 should be reviewed in its entirety to determine other minor technical amendments.
