



FEDERAL RESERVE BANK OF DALLAS

2200 N. PEARL ST.
DALLAS, TX 75201-2272

HELEN E. HOLCOMB
FIRST VICE PRESIDENT AND
CHIEF OPERATING OFFICER

February 13, 2004

Notice 04-07

TO: The Chief Operating Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

Amendments to Operating Circular 3
(Collection of Cash Items and Returned Checks)

DETAILS

The Federal Reserve Banks have amended Operating Circular 3 (OC3), *Collection of Cash Items and Returned Checks*. This notice contains a brief summary of the OC3 revisions but does not describe all the provisions of the circular or provide complete details on the revisions.

In addition to several minor technical changes, the amendments include three substantive additions to the coverage of OC3:

- FedImageSM Informational Services,
- Electronic Adjustments and the Documents to Follow Archive (DTF Archive),
and
- Settlement and Adjustment Services for same day settlement (SDS) items.

Although these services are not new, the amendments standardize the terms under which we offer the services.

Changes in the body of OC3

- In sections 2.1 and 6.1, new language prevents a sending bank from sending any items to a branch of a Reserve Bank that no longer processes checks.
- New sections 12.2 and 12.3 permit depository institutions to make adjustment requests electronically (12.2) and to submit copies of documents for storage in and retrieval from the DTF Archive (12.3). These services are described in greater detail in new Appendix H.
- New section 16.3(d) adds FedLine® Web-Check to the permissible methods by which a payor bank may request a Reserve Bank to send a notification of nonpayment to a bank of first deposit.
- New language in section 19.8 makes it clear that the sending bank, and not the Reserve Bank, is responsible for the proper preparation of a photocopy in lieu of a missing or destroyed item.
- In section 19.9(c), reference to the former section 19.6(b) has been deleted because that section was deleted from OC3 in a previous amendment.

Changes in Appendix F

- Former section 4.0 has been deleted. This section described the terms of our image services. Image services are now covered by Appendix I, *FedImageSM Informational Services*.
- A new section 4.8 has been added to provide for settlement and adjustment services for SDS items. Some Reserve Banks have been providing this service under separate agreements.
- A new sentence at the end of section 5.1 clarifies that a Reserve Bank that provides SDS and adjustments services does not thereby become a collecting bank with respect to the SDS items.
- Under new language in section 6.1, a payor bank that obtains settlement and adjustment services with respect to SDS items indemnifies a Reserve Bank against the risk that a sending bank might make a claim against the Reserve Bank as a result of the settlement and adjustment services provided to the payor bank.

Other changes

- New language in section 1.1 of Appendix G expands the coverage of FedLine Web-Check to include electronic adjustments and the DTF Archive.

- New Appendix H sets forth terms and conditions governing the use of electronic adjustments services and the DTF Archive.
- New Appendix I sets forth terms and conditions governing the FedImage Informational Service. Appendix I supersedes any existing agreements for FedImage Services.

The amendments become effective February 27, 2004. Please refer to the official current version of OC3 at www.frbservices.org/OperatingCirculars/index.html. From this web site, you may read, download, and print the operating circular.

MORE INFORMATION

For more information or to request a paper copy of an operating circular, please contact one of the following account executives:

Rick Flansburg	(210) 978-1661
Michele Hitchings	(713) 652-9141
Jim McCammon	(214) 922-5491
Susan Vice	(214) 922-5430
Kathy Waggoner	(713) 652-9146

Paper copies of this notice or previous Federal Reserve Bank notices can be printed from our web site at www.dallasfed.org/banking/notices/index.html.

Sincerely,

