



FEDERAL RESERVE BANK OF DALLAS

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

October 19, 2004

Notice 04-71

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

SUBJECT

Check Clearing for the 21st Century Compliance InfoBase Released by Federal Financial Institution Regulators

DETAILS

The Federal Financial Institutions Examination Council (FFIEC) has announced the availability of an InfoBase for depository institutions that provides information on consumer compliance aspects of the Check Clearing for the 21st Century Act (Check 21).

The Check 21 InfoBase features a training presentation, examination procedures, frequently asked questions and links to other resources that may be helpful in understanding Check 21. The InfoBase is accessible at www.ffiec.gov/exam/check21/default.htm.

Check 21 was signed into law on October 28, 2003, and will take effect on October 28, 2004. It facilitates check truncation and electronic check exchange by authorizing a new negotiable instrument called a "substitute check." Check 21 provides that a properly prepared substitute check is the legal equivalent of the original check. A depository institution can provide a legally equivalent substitute check when and where an original check is needed instead of providing the original check.

Although Check 21 does not require any depository institution to create substitute checks or accept checks electronically, certain provisions of Check 21 will affect all depository institutions, even those that do not create substitute checks. These provisions involve consumer

awareness disclosures and expedited recredit procedures to protect consumers who receive substitute checks. There are also new warranties and indemnities that protect all substitute check recipients.

The “FFIEC InfoBase” concept was developed by the Task Force on Examiner Education to provide field examiners in financial institution regulatory agencies with a quick source of introductory training and basic information. The long-term goal of InfoBase is to provide just-in-time training for new regulations and for other topics of specific concern to examiners in FFIEC’s five member agencies.

MORE INFORMATION

For more information regarding the InfoBase, please contact Susan Stawick, 202-452-3128, Board of Governors. 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.