

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 9037]
March 17, 1981

CHANGE IN CHECK ADJUSTMENT PROCEDURES FOR MICR-ENCODING ERRORS

To All Depository Institutions in the Second
Federal Reserve District, and Others Concerned:

We are pleased to announce that effective with cash letter sendings dated March 16, 1981, the time frame for granting immediate provisional entries to depositing and paying institutions for cash items that have been misencoded has been extended to 180 business days. Previously, institutions had only 45 business days to report a misencoded item in order to receive immediate provisional entry to their reserve account. If an error is reported after the new 180-business-day limit, entries will be made, as in the past with the old 45-day limit, only after approval is received from the appropriate institution.

As a reminder, the proper way for a *paying* institution to report an error in MICR-encoding is to submit the "Errors in Cash Letters" form, including all detailed tracing information and a legible photocopy of the item in question, to the check adjustment area of the office of this Bank that serves you. (Paying institutions in New York City should use the standard "Claim" and "Allow" forms.) If received by one of our offices within 180 business days from the date of the applicable cash letter, an immediate provisional entry to a reserve account will be made. After 180 business days a paying institution should submit the "Check Adjustment Requests" form on a correspondence (without entry) basis. The paying institution will receive an adjusting entry upon our receiving approval to do so from the depositing institution.

A *depositing* institution finding an MICR-amount encoding error should submit the "Check Adjustment Request" form, including all detailed tracing information and a legible photocopy of the item in question. When a report is made within the 180-day time limit, the depositing institution will also receive an immediate provisional entry to its reserve account. After the 180-day limit, an adjusting entry will be made upon our receiving approval to do so from the paying institution.

This new procedure supersedes the procedure previously described in paragraphs 4, 5, and 6 of this Bank's Circular No. 8862, dated June 26, 1980, entitled "Changes in Check Adjustment Procedures." Copies of our "Errors in Cash Letters" and "Check Adjustment Requests" forms are available upon request directed to the check adjustment area of your local Federal Reserve office.

If you have any questions regarding this matter, please contact:

Head Office:

Ruth Ann Tyler, Manager, Check Adjustment and Return Items Department
(Tel. No. 212-791-5292)

Buffalo Branch:

Robert J. McDonnell, Operations Officer (Tel. No. 716-849-5022)

Cranford Office:

Fred A. Denesevich, Regional Manager (Tel. No. 201-272-9000, Ext. 500)

Jericho Office:

Joseph M. O'Connell, Regional Manager (Tel. No. 516-997-4569)

Utica Office:

Robert C. Thoman, Vice President (Tel. No. 315-736-8321, Ext. 222)

ANTHONY M. SOLOMON,
President.