

Federal Reserve System

§210.2

- 210.4 Sending items to Reserve Banks.
- 210.5 Sender's agreement; recovery by Reserve Bank.
- 210.6 Status, warranties, and liability of Reserve Bank.
- 210.7 Presenting items for payment.
- 210.8 Presenting noncash items for acceptance.
- 210.9 Settlement and payment.
- 210.10 Time schedule and availability of credits for cash items and returned checks.
- 210.11 Availability of proceeds of noncash items; time schedule
- 210.12 Return of cash items and handling of returned checks.
- 210.13 Unpaid items.
- 210.14 Extension of time limits.
- 210.15 Direct presentment of certain warrants.

Subpart B—Funds Transfers Through Fedwire

- 210.25 Authority, purpose, and scope.
- 210.26 Definitions.
- 210.27 Reliance on identifying number.
- 210.28 Agreement of sender.
- 210.29 Agreement of receiving bank.
- 210.30 Payment orders.
- 210.31 Payment by a Federal Reserve Bank to a receiving bank or beneficiary.
- 210.32 Federal Reserve Bank liability; payment of interest.

APPENDIX A TO SUBPART B OF PART 210—COMMENTARY

APPENDIX B TO SUBPART B OF PART 210—ARTICLE 4A, FUNDS TRANSFERS

AUTHORITY: 12 U.S.C. 248(i), (j), and 248-1, 342, 360, 464, 4001-4010, and 5001-5018.

SOURCE: 45 FR 68634, Oct. 16, 1980, unless otherwise noted.

Subpart A—Collection of Checks and Other Items By Federal Reserve Banks

§210.1 Authority, purpose, and scope.

The Board of Governors of the Federal Reserve System (Board) has issued this subpart pursuant to the Federal Reserve Act, sections 11 (i) and (j) (12 U.S.C. 248 (i) and (j)), section 13 (12 U.S.C. 342), section 16 (12 U.S.C. 248(o) and 360), and section 19(f) (12 U.S.C. 464); the Expedited Funds Availability Act (12 U.S.C. 4001 *et seq.*); the Check Clearing for the 21st Century Act (12 U.S.C. 5001-5018) and other laws. This subpart governs the collection of checks and other cash and noncash items and the handling of returned checks by Federal Reserve Banks. Its

purpose is to provide rules for collecting and returning items and settling balances.

[53 FR 21984, June 13, 1988, as amended at Reg. J, 59 FR 22965, May 4, 1994; Reg. J, 69 FR 62557, Oct. 27, 2004]

§210.2 Definitions.

As used in this subpart, unless the context otherwise requires:

(a) *Account* means an account on the books of a Federal Reserve Bank. A subaccount is an informational record of a subset of transactions that affect an account and is not a separate account.

(b) *Actually and finally collected funds* means cash or any other form of payment that is, or has become, final and irrevocable.

(c) *Administrative Reserve Bank* with respect to an entity means the Reserve Bank in whose District the entity is located, as determined under the procedure described in §204.3(g) of this chapter (Regulation D), even if the entity is not otherwise subject to that section.

(d) *Bank* means any person engaged in the business of banking. A branch or separate office of a bank is a separate bank to the extent provided in the Uniform Commercial Code.

(e) *Bank draft* means a check drawn by one bank on another bank.

(f) *Banking day* means the part of a day on which a bank is open to the public for carrying on substantially all of its banking functions.

(g) *Cash item* means—

(1) A check other than one classified as a noncash item under this section; or

(2) Any other item payable on demand and collectible at par that the Reserve Bank that receives the item is willing to accept as a cash item. *Cash item* does not include a returned check.

(h) *Check* means a check or an electronic check, as those terms are defined in §229.2 of this chapter (Regulation CC).

(i) *Item. (1) Means—*

(i) An instrument or a promise or order to pay money, whether negotiable or not, that is—

§210.2

12 CFR Ch. II (1–1–20 Edition)

(A) Payable in a Federal Reserve District¹ (District);

(B) Sent by a sender to a Reserve Bank for handling under this subpart; and

(C) Collectible in funds acceptable to the Reserve Bank of the District in which the instrument is payable; or

(ii) A check.

(2) Unless otherwise indicated, *item* includes both a cash and a noncash item, and includes a returned check sent by a paying or returning bank. *Item* does not include a check that cannot be collected at par, or a *payment order* as defined in §210.26(i) and handled under subpart B of this part. The term also does not include an electronically-created item as defined in §229.2 of this chapter (Regulation CC).

(j) *Nonbank payor* means a payor of an item, other than a bank.

(k) *Noncash item* means an item that a receiving Reserve Bank classifies in its operating circulars as requiring special handling. The term also means an item normally received as a cash item if a Reserve Bank decides that special conditions require that it handle the item as a noncash item.

(1) *Paying bank* means—

(1) The bank by which an item is payable unless the item is payable or collectible at or through another bank and is sent to the other bank for payment or collection;

(2) The bank at or through which an item is payable or collectible and to which it sent for payment or collection; or

(3) The bank whose routing number appears on a check in the MICR line or in fractional form (or in the MICR-line information that accompanies an electronic item) and to which the check is sent for payment or collection.

(m) *Returned check* means a cash item returned by a paying bank, including an electronic returned check as defined in §229.2 of this chapter (Regulation CC) and a notice of nonpayment in lieu of a returned check, whether or not a Reserve Bank handled the check for collection.

¹For purposes of this subpart, the Virgin Islands and Puerto Rico are deemed to be in the Second District, and Guam, American Samoa, and the Northern Mariana Islands in the Twelfth District.

(n) *Sender* means any of the following entities that sends an item to a Reserve Bank for forward collection—

(1) A *depository institution*, as defined in section 19(b) of the Federal Reserve Act (12 U.S.C. 461(b));

(2) A member bank, as defined in section 1 of the Federal Reserve Act (12 U.S.C. 221);

(3) A clearing institution, defined as—

(i) An institution that is not a depository institution but that maintains with a Reserve Bank the balance referred to in the first paragraph of section 13 of the Federal Reserve Act (12 U.S.C. 342); or

(ii) A corporation that maintains an account with a Reserve Bank in conformity with §211.4 of this chapter (Regulation K);

(4) Another Reserve Bank;

(5) An international organization for which a Reserve Bank is empowered to act as depository or fiscal agent and maintains an account;

(6) A foreign correspondent, defined as any of the following entities for which a Reserve Bank maintains an account: A foreign bank or banker, a foreign state as defined in section 25(b) of the Federal Reserve Act (12 U.S.C. 632), or a foreign correspondent or agency referred to in section 14(e) of that act (12 U.S.C. 358); or

(7) A branch or agency of a foreign bank maintaining reserves under section 7 of the International Banking Act of 1978 (12 U.S.C. 347d, 3105).

(o) *State* means a State of the United States, the District of Columbia, Puerto Rico, or a territory, possession, or dependency of the United States.

(p) *Clock hour and clock half-hour*. (1) *Clock hour* means a time that is on the hour, such as 1:00, 2:00, etc.

(2) *Clock half-hour* means a time that is on the half-hour, such as 1:30, 2:30, etc.

(q) *Fedwire Funds Service* and *Fedwire* have the same meaning as that set forth in §210.26(e).

(r) *Uniform Commercial Code* and *U.C.C.* mean the Uniform Commercial Code as adopted in a state.

(s) *Terms not defined in this section*. Unless the context otherwise requires—

(1) The terms not defined herein have the meanings set forth in §229.2 of this

Federal Reserve System

§210.4

chapter applicable to subpart C or D of part 229 of this chapter (Regulation CC), as appropriate; and

(2) The terms not defined herein or in §229.2 of this chapter have the meanings set forth in the Uniform Commercial Code.

[45 FR 68634, Oct. 16, 1980, as amended at 46 FR 42059, Aug. 19, 1981; 51 FR 21744, June 16, 1986; 53 FR 21984, June 13, 1988; 57 FR 46955, Oct. 14, 1992; Reg. J, 59 FR 22965, May 4, 1994; 62 FR 48171, Sept. 15, 1997; Reg. J, 69 FR 62557, Oct. 27, 2004; 77 FR 21858, Apr. 12, 2012; 79 FR 72111, Dec. 5, 2014; 79 FR 72111, Dec. 5, 2014; 83 FR 61517, Nov. 30, 2018]

§210.3 General provisions.

(a) *General.* Each Reserve Bank shall receive and handle items in accordance with this subpart, and shall issue operating circulars governing the details of its handling of items and other matters deemed appropriate by the Reserve Bank. The circulars may, among other things, classify cash items and noncash items, require separate sorts and letters, provide different closing times for the receipt of different classes or types of items, provide for instructions by an Administrative Reserve Bank to other Reserve Banks, set forth terms of services, and establish procedures for adjustments on a Reserve Bank's books, including amounts, waiver of expenses, and payment of compensation. As deemed appropriate by the Reserve Bank, the circulars may also require the sender to provide warranties and indemnities that only items and any noncash items the Reserve Banks have agreed to handle will be sent to the Reserve Banks. The Reserve Banks may provide to a subsequent collecting bank and to the paying bank any warranties and indemnities provided by the sender pursuant to this paragraph (a).

(b) *Binding effect.* This subpart, together with subparts C and D of part 229 and the operating circulars of the Reserve Banks, are binding on all parties interested in an item handled by any Reserve Bank.

(c) *Government items.* As depositaries and fiscal agents of the United States, Reserve Banks handle certain items payable by the United States or certain Federal agencies as cash or noncash items. To the extent provided by regu-

lations issued by, and arrangements made with, the United States Treasury Department and other Government departments and agencies, the handling of such items is governed by this subpart. The Reserve Banks shall include in their operating circulars such information regarding these regulations and arrangements as the Reserve Banks deem appropriate.

(d) *Government senders.* Except as otherwise provided by statutes of the United States, or regulations issued or arrangements made thereunder, this subpart and the operating circulars of the Reserve Banks apply to the following when acting as a sender: a department, agency, instrumentality, independent establishment, or office of the United States, or a wholly owned or controlled Government corporation, that maintains or uses an account with a Reserve Bank.

(e) *Foreign items.* A Reserve Bank also may receive and handle certain items payable outside a Federal Reserve District, as provided in its operating circulars. The handling of such items in a state is governed by this subpart, and the handling of such items outside a state is governed by the local law.

(f) *Relation to other law.* The provisions of this subpart supersede any inconsistent provisions of the Uniform Commercial Code, of any other state law, or of part 229 of this title, but only to the extent of the inconsistency.

[45 FR 68634, Oct. 16, 1980, as amended at 51 FR 21744, June 16, 1986; 53 FR 21984, June 13, 1988; Reg. J, 59 FR 22965, May 4, 1994; 62 FR 48171, Sept. 15, 1997; Reg. J, 69 FR 62558, Oct. 27, 2004; 77 FR 21858, Apr. 12, 2012; 83 FR 61518, Nov. 30, 2018]

§210.4 Sending items to Reserve Banks.

(a) *Sending of items.* A sender's Administrative Reserve Bank may direct a sender other than a Reserve Bank to send any item to a specified Reserve Bank, whether or not the item is payable in the Reserve Bank's district.

(b) *Handling of items.* (1) The following parties, in the following order, are deemed to have handled an item that is sent to a Reserve Bank for collection:

(i) The initial sender;