



January 30, 2012 (rev. 02/08/12)

EZ Clear to Image-enabled Savings Bond Processing Operational Information

Please deliver this message to the appropriate staff at your branch offices.

As [announced](#) on November 14, 2011, the processing of redeemed paper savings bonds will move from EZ Clear to image-enabled savings bond processing in 2012. The Federal Reserve Banks expect to begin accepting savings bonds in a FedForward[®] image cash letter (ICL) in the second quarter 2012, and the EZ Clear Program will be decommissioned following the transition. We expect to announce the specific date of the transition in the next several weeks.

[The EZ Clear to Image-enabled Savings Bond Processing Quick Reference Guide](#) outlines the major operational changes that could affect your institution. To ensure readiness for the transition, please review this guide, as well as the information posted on the [Image-enabled Savings Bond Processing Resource Center](#). This resource center will be updated as additional details are finalized. Please share this information with others in your organization as well as any image vendors.

Key points to be considered:

Mixed and Separately Sorted Image Cash Letters (ICLs)

- Image-based savings bond processing is strongly preferred, but paper savings bond deposits will continue to be accepted.
- Image-eligible savings bonds include Series E (half-sheet paper and card), Series EE, Series I, and Savings Notes. All other savings bond types – full-sheet paper savings bonds and facsimile paper savings bonds – must continue to be deposited in paper form.
- Savings bond processing and deposit requirements will be consistent with image check deposit requirements, including the possibility for image quality rejects as NCI adjustments. Additionally, a new adjustment investigation type (I-Type) will be added for pricing error adjustments (PEAs). These PEAs will be initiated by the Federal Reserve Banks at the direction of the Bureau of the Public Debt. Please refer to the [Descriptions of Adjustment Investigation Types \(I-Types\)](#) for more information.
- Savings bonds with a preprinted MICR line deposited in ICLs must contain the full MICR line in the designated fields of the item record. For savings bonds without a preprinted MICR line, only the routing number for savings bonds and the redemption amount will be required. Savings bonds do not need a physical check endorsement or encoding, but an electronic check endorsement is required, consistent with check image deposit guidelines.
- Processing fees will be assessed on savings bonds deposited in mixed image cash letters. Consistent with the pricing for Treasury items and Postal Money Orders included in mixed ICLs,

these items will be priced at the Electronic Tier 1 fee. The FedForward fee schedule can be found on the [2012 Check Services Fees page](#).

Paper and Facsimile Savings Bonds

- Paper savings bond processing will move to the Federal Reserve Bank of Atlanta concurrent with the transition to image-enabled savings bond processing. Until that time, paper savings bonds should continue to be sent to the [Minneapolis Treasury Retail Securities site](#).
- Paper savings bonds will be accepted only in separately sorted cash letters. Any paper savings bonds deposited in mixed paper cash letters may be returned to the depositor.

No action is required for current FedForward ICL depositors. If you do not currently deposit FedForward ICLs with the Federal Reserve Banks, we encourage you to contact your [account executive](#) or Check Services Customer Support at (877) 372-2457 to begin the process of signing up for these services. The [FedForward Services Setup](#) page provides step-by-step instructions to guide you through the process to become a FedForward depositor.

Visit the Online Resource Center

Information regarding this initiative can be found at the [Image-enabled Savings Bond Processing Resource Center](#). This site provides a central location for all communications, and we encourage you to bookmark it for future reference.

Sign Up for Email Notifications

If you would like to include other staff members at your institution on the distribution list for future communications, please have them complete the [email notification form](#).

We look forward to working with your institution in the coming months to ensure a smooth transition.

Sincerely,



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