



July 31, 2009

Check Restructuring Update

To All Financial Institutions:

Over the past several years, the Reserve Banks have been restructuring their paper check processing configuration as paper volumes decline in response to the widespread adoption of Check 21-enabled services. In November, we announced an accelerated restructuring timeline that will result in a single full service paper check processing site at the Federal Reserve Bank of Cleveland.

We now have some further details to share with you regarding the processing transition timetable for remaining offices as well as information on upcoming changes to Federal Reserve-provided inbound transportation to processing offices. Customers will receive 60 days notice before processing operations are moved to Cleveland, and 30 days notice for any transportation changes.

Processing Office Transition Timeline

With the exception of Chicago, all transition dates are **SUBJECT TO CHANGE**:

Office	Processing Infrastructure	Transition Date
Chicago	Moving to Cleveland	September 12, 2009
Dallas	Moving to Cleveland	4Q2009
Los Angeles	Moving to Cleveland	4Q2009
Philadelphia	Moving to Cleveland	4Q2009
Atlanta	Moving to Cleveland	1Q2010

Transportation Changes

As paper volumes decline, the Reserve Banks are making changes to the transportation currently provided to move paper items between transit points and processing offices. Throughout the remainder of 2009 we will be modifying drop-off deadlines and delivery times as we move to less expensive transportation options or eliminating transportation altogether in offices with low paper volumes. Beginning January 2, 2010, all Fed-sponsored inbound transportation will be eliminated and paper depositors will be responsible for moving items to Cleveland. Customers will be given 30 days notice for all transportation changes during the transition.

The Time to Move to Check 21-enabled Services is Now

The pace of migration to an all-electronic check system has been impressive, with over 95 percent of deposits and 75 percent of presentments now in Check 21-enabled services. If you are still sending or receiving paper items, there's no time like the present to begin converting these items to image.

We encourage you to explore the advantages of moving to the Federal Reserve Banks' Check 21-enabled services including FedForward[®], FedReturn[®] and FedReceipt[®] to minimize the disruption which may occur as a result of paper check restructuring. Customers who are using these services will experience minimal change.

Should you have questions or concerns, or to learn more about the advantages of moving from paper to full Check 21 electronic check processing, contact your Account Executive as soon as possible.

We appreciate your patience as we complete the final transition to an all-electronic check clearing system.

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