



September 22, 2011

U.S. Department of the Treasury Direct Debit for Check Reclamation Announcement

The Department of the Treasury, Financial Management Service (FMS), published a Final Rule on September 19, 2011, which amends 31 CFR Part 240 (Indorsement and Payment of Checks Drawn on the United States Treasury). See 76 FR 57907. This amendment provides FMS with the authority to direct Federal Reserve Banks to debit a financial institution's Master Account for all check reclamations for which the financial institution has not either paid or submitted a valid protest within 30 calendar days from the reclamation date.

Direct debiting of check reclamations that have not been paid or protested

The direct debit change will expedite and streamline the process of collecting unpaid reclamations. FMS has renamed the "Request for Refund (Check Reclamation)" to "Notice of Direct Debit (U.S. Treasury Check Reclamation)." On Wednesday, October 19, 2011, FMS and the Federal Reserve Bank of Philadelphia will begin implementing these changes by switching to Notices of Direct Debit. However, since financial institutions have 30 calendar days after the reclamation date to either pay the reclamation amount or to submit a protest, financial institutions will not begin to experience direct debits until mid November 2011. The date that the direct debit is to occur will be reflected on the Notice of Direct Debit allowing your financial institution to manage payments prior to that date. If the reclamation has not been paid or protested by the date provided, the direct debit will appear on your Federal Reserve Bank Statement of Account along with the associated reclamation ticket number. This ticket number matches the reclamation ticket number of the original Notice of Direct Debit.

In order to be able to reconcile these debits, it is suggested that you retain a copy of the original Notice of Direct Debit until the associated case is closed. All financial institutions should be capturing and storing the reclamation ticket number with the reclamation information. This ticket number should be used to identify debits for reclamations.

Changes to the timeframe for submitting a bank protest

Currently, financial institutions have 90 days to submit a bank protest. Effective October 19, 2011, all protests must be received by FMS no later than 60 calendar days after the reclamation date. This change allows financial institutions to submit a bank protest within 30 calendar days after the reclamation date to avoid the direct debit or an additional 30 calendar days after the direct debit has occurred. Protests received later than 60 calendar days after the reclamation date will not be accepted.

Please note that only the U.S. Treasury check reclamations that are created on October 19, 2011, and after, will be affected by this new process.

Quick Reference Table

Function	Current Process	Future Process As Of October 19, 2011
Treasury Check Direct Debit	N/A	New process to directly debit your financial institution for Treasury check reclamations not paid or protested within 30 calendar days after the reclamation date on the Direct Debit notice.
Timeframe for Submitting Bank Protests	90 calendar days	60 calendar days