

Canadian Check Collection Service

User's Guide For the Seattle Branch

Thank you for choosing the Federal Reserve Bank of San Francisco, Seattle Branch Canadian Check Collection Service.

The purpose of this User's Guide is to assist you in using the Canadian Check Collection Service. We hope you will find the handling of Canadian items to be a simpler process by using this guide.

Basic procedures for preparing and receiving Canadian work are outlined in this manual. If you have further questions concerning our Canadian service, we ask that you refer to the [contact list](#).

Contents

1. [Preparation](#)
2. [Seattle](#)
3. [Deadlines and Availability](#)
4. [Fees](#)
5. [Exchange Rate](#)
 - [Weekly Canadian Exchange Rate](#)
 - [Large Dollar Canadian Fund Items](#)
6. [Cash Letter Correction](#)
7. [Adjustments](#)
8. [Return Items](#)
9. [Seattle Contacts](#)

1. Preparation

First verify that all items bear only eight digits for the routing and transit number.

Sort the Canadian checks into the proper category according to whether they are denominated in U.S. or Canadian dollar

- **U.S. Funds Items** - "U.S. FUNDS" or "U.S. DOLLARS" must be on the face of the item. This can be typed, preprinted or handwritten on the item. List the item on the **U. S. Funds Canadian Items** cash letter form; retain a copy of the cash letter for your records. Cash letter forms are available for printing on-line: http://www.frbseattle.org/forms/check_services.html

The Canadian Items cash letters will auto populate Federal Reserve Bank specific routing information to ensure the cash letter reaches the appropriate processing site. (Cash letters will continue to be submitted to your local Federal Reserve Bank check processing office.)

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|---|---|
| 1 | A specialized border to easily identify the type of the form on screen, and when printed. |
| 2 | FRB Office - The local Federal Reserve Bank where you are sending your cash letter. |
| 3 | Depositor ABA, Name, and Address - Your ABA, Institution name, and address. |
| 4 | Enter your Cash letter totals, bundle count, item count, and date. |
| 5 | FRB specific routing information auto populated when you select your FRB Office. |
| 6 | Product Options - The cash letter product you are sending.

The Canadian Item cash letter displays one of two Flag graphics

Selecting the Canadian Items - U.S. Funds product displays the flag of the United States.

Selecting the Canadian Items - Canadian Funds product displays the Canadian flag. |
| 7 | Version Date - The version date is provided in the lower right corner of each section on the forms.

Be sure to update any saved versions of the standardized forms with the most current version on the Federal Reserve Financial Services Web site. |

Note: This is a specialized cash letter. The Setup Form macro on this form will only contain choices that apply to the processing of these types of items.

Canadian Funds Items - If an item does not state that it is in U.S. funds, you assume that it is drawn in Canadian funds. List the item on the **Canadian Funds** cash letter form; retain a copy of the cash letter form for your records. Cash letter forms are available for printing on-line:

Please verify the sorting of your work. The most common error made by a depositor is a Canadian funds item included in a U.S. funds cash letter, or the reverse.

Any item sent in the wrong cash letter type will be subject to a Cash Letter Correction fee or may be sent back to you as a return item with a return item fee charged.

Both U.S. and Canadian funds items **must** be encoded for the **face value**. For Canadian funds items, credit is given for the full amount, followed by a debit or credit for the discount.

Please provide a tape listing of the items along with your cash letter. Please submit a separate cash letter form for Canadian fund items 250 thousand and over.

2. Packaging and Forwarding to FRB Seattle

Seattle depositors of Canadian cash letters can forward their deposits with their daily forward collection cash letter to FRB Seattle.

Out-of-District depositors of Canadian cash letters can forward their deposits using direct send or consolidated shipment through their respective Federal Reserve Office.

- Direct Send:
 - Send the cash letter directly to FRB Seattle through your own method of shipment.
- Consolidated Shipment:

Place Canadian cash letters (both U.S. and Canadian funds) in an envelope addressed as shown below:

****CANADIAN ITEMS****

DELIVER TO: Federal Reserve Bank of *(your Federal Reserve Bank and their 9-digit routing/transit number)*

PLEASE FORWARD TO: FRB Seattle 1250-0001-1

- Include this envelope with your regular cash letters sent to your respective FRB office.

Your FRB will then forward the Canadian deposits to FRB Seattle.

3. Deadlines and Availability

The deposit deadline for processing all incoming Canadian cash letter deposits is 12:01 a.m. PST.

Canadian collection items deposited as unencoded will also be charged the Mixed Non-Machineable fee of \$1.10 per item using billing code 17650.

US and Canadian funds cash letters receive same-day (immediate) credit based on the total appearing on the cash letter. A debit or credit entry will be applied to Canadian funds cash letters reflecting the rate of exchange. This is calculated by using the current weekly Canadian exchange rate.

4. Fees

Refer to your district's fee schedule for Check Forward Collection services via the following link: http://www.frbseattle.org/servicefees/check_services.html

5. Exchange Rate

Weekly Canadian Exchange Rate

A weekly discount rate is updated every Friday morning by 7:30 a.m. PST. This rate is in effect for deposits received the following Sunday through Friday. The rate could change during the week if the Canadian economy fluctuates dramatically. This is very rare, but it does happen occasionally. Each financial institution must be responsible for determining the exchange rate and calculating the charge for their own cash letters.

Recorded rate information for < \$250,000

206-716-3922

1-800-552-7244 ext. 5-3922 toll free – inside Washington

1-800-426-0666 ext. 5-3922 toll free – outside Washington

For additional information or for Exchange Rate for Canadian fund items of \$250,000 or more

206-716-3921

1-800-552-7244 ext. 5-3921 toll free – inside Washington

1-800-426-0666 ext. 5-3921 toll free – outside Washington

The exchange rate is only applied to **Canadian funds cash letters.**

Large Dollar Canadian Fund Items

Please submit in a separate cash letter any Canadian fund items two hundred fifty thousand dollars and over. Any Canadian fund item over \$250,000.00 will receive a separately negotiated exchange rate. This rate may differ from the weekly exchange rate published by the Reserve Bank. To receive a separately negotiated quote, please call the Seattle Canadian Check Collection Department at the numbers mentioned above.

6. Cash Letter Correction

To aid in the collection of Canadian checks and to reduce the number of avoidable returns and adjustments, FRB Seattle will correctly process forward items deposited in mismatched cash letters and reclear Canadian return items that result from items deposited in a wrong fund cash letter.

A Cash Letter fee of \$6.50 will be charged in addition to the appropriate forward collection fees.

FRB Seattle will make every effort to assist in expediting the collection of Canadian items and avoid return items through the Cash Letter Correction service. However, FRB Seattle is under no obligation to correct cash letters and may, at its discretion, return such items. It will not be liable if an item deposited in a wrong fund cash letter is not corrected for any reason.

7. Adjustments

The most common error made by a depositor is a Canadian funds item included in a U.S. funds cash letter, or the reverse. Please verify the sorting of your work. Resolving these types of errors can be a lengthy process as we may have to deal directly with our Canadian vendor on a case-by-case basis.

Important: When submitting a cash letter adjustment on Canadian items, please supply the following information:

- A brief note explaining the error
- A copy of your Canadian cash letter forwarded to us for processing
- The cash letter credit date
- A copy of your statement
- Two copies of the front and the back of each item in question

Be certain to date your Canadian adjustment request and include a contact at your financial institution for us to call in case we have questions.

Photocopies in lieu of lost originals for Canadian postal money orders cannot be included in forward collection cash letters. They must be indemnified and forwarded (without entry) with a copy of the original charge advice to the Seattle office. We will then submit this to our Canadian vendor who will present it to the government office for reimbursement. If it has not been paid, we will pass the credit to the depositor when credit is received from our Canadian vendor.

All other lost originals can be indemnified and forwarded back in your cash letter. Please place them in a carrier envelope.

All adjustments are done on a without-entry basis.

8. Return Items

Returns received from the Canadian vendor are returned directly to the endorsing financial institution or to their District Federal Reserve office for forwarding to the depositing financial institution.

You will receive Canadian returns in one return letter containing both U.S. funds and Canadian funds. Please note that Canadian funds items will be returned at the current discounted value.

How your institution handles returns depends on the following reasons for return:

- **Endorsement missing:** Return to the depositor for correct endorsement and re-deposit.
- **NSF:** Return to the depositor, instructing them to contact the drawee. Canadian NSF items cannot be re-deposited.
- **Canadian funds item sent to the FRB Seattle in a U.S. funds cash letter:** The endorsing bank should reprocess the item on a *Canadian Funds* cash letter.

- U.S. item included in a Canadian funds cash letter:** Discount was charged when the item was originally received and processed. The Canadian vendor will return the item at a discounted value, using the Canadian exchange rate in effect on the date of the return. The endorsing financial institution should redeposit the item in a U.S. funds cash letter.

The Seattle office will not adjust your institution's account for discount rate differences when the deposit and return discount rates differ.

9. Seattle Contacts

If you have any questions, concerns or problems about the Seattle Canadian Check Collection Service, you may contact an individual listed below:

Canadian Check Processing	
- Questions about the service, adjustments or return items	
Check Customer Support	(206) 716-3921
Tim Day, Department Supervisor M-T 11:00 PM to 10:00 AM	(206) 716-3916
Matthew Powell, Department Asst.Manager M-F 5:00AM to 1:30 PM	(206) 716-3910