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The Federal Reserve Banks Announce New Pricing Policy for Carrier Documents

February 25, 2008

As more and more forward collection and return items are deposited in image cash letters, the continuing use of carrier documents impacts the progress toward an all-electronic check collection system. As a result, effective August 1, 2008, the Federal Reserve Banks will modify the pricing on forward collection and return items in carrier documents. Specifically,

- Any qualified return item cash letter containing carrier documents will be reclassified as unqualified (raw) returns, with associated pricing and availability.
- Forward collection machineable cash letters containing carrier documents will be charged an additional \$0.02 per item on each item in the cash letter. This fee is in addition to the published fees.
- The fee for items in carrier documents contained in machineable cash letters that fail IQA will be increased from \$4.00 per item to \$10.00 per item.

In addition to the new pricing policy, financial institutions (FIs) should be aware that Operating Circular 3 (OC 3) imposes the risk of loss on an FI that sends a carrier item to a Federal Reserve Bank in a mixed cash letter. OC 3 requires that items in carriers be sent to the Federal Reserve Banks in cash letters that are separate from mixed cash letters intended for machine processing. An FI that includes a carrier item in a mixed cash letter indemnifies the Federal Reserve Banks against any resulting loss.

Carrier documents should continue to be used for photos-in-lieu and items with attachments. These items should be deposited in a non-machineable cash letter (for forward collection) or an unqualified (raw) return cash letter.

To promote greater interoperability, we recommend that all depositing and returning banks modify operating practices to use strips rather than carrier documents.

If you have any questions, please contact your account executive.