Financial Services Policy Committee

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Reserve Banks to Adopt DSTU X9.37-2003 Format for Check 21 Image Services

Minneapolis, Minn., May 18, 2004 --The Federal Reserve Banks today announced plans to use the Accredited Standards Committee X9's Specifications for Electronic Exchange of Check and Image Data (DSTU X9.37-2003) in providing its suite of Check 21 services. The Federal Reserve Banks will implement this standard for all forward and return image cash letter files beginning October 28, 2004.

"Adoption of an industry standard for electronic check and image exchange is critical to realizing the benefits of Check 21," commented Steve Whitney, senior vice president of the Federal Reserve Bank of Boston responsible for the Federal Reserve Banks' business strategy for Check 21 services. "The Federal Reserve is committed to collaborating with the industry to ensure maximum interoperability and payments system efficiency."

The Federal Reserve's electronic check file standards will follow the DSTU X9.37-2003 standard closely, with some field value restrictions and practices consistent with the role of the Reserve Banks as intermediaries in the check collection process. To help assure broad interoperability as the industry implements Check 21, the Federal Reserve standard will:

- Support endorsement addendum records to enable image exchange and substitute check creation,
- Include the image view record (addendum record 54) to carry information on the results of image quality analysis,
- Limit image exchange format and compression to TIFF 6.0 CCITT Group IV black/white images to facilitate interoperability between collecting banks and paying banks, and
- Limit incoming and outgoing image files to a maximum size of two gigabytes.

An overview of the Federal Reserve version of DSTU X9.37-2003 is available at www.frbservices.org/Retail/Check21.html. Information about X9 and the draft standard can be obtained at www.x9.org.

About Check 21

The Check 21 Act facilitates truncation through expanded use of electronic processing technologies to improve the efficiency and reduce the cost of the nation's check collection system. The law provides for a new negotiable paper instrument called a substitute check, which can be used in place of the original paper check without an agreement. This allows paper items to be truncated early in the collection or return process, with image cash letters replacing paper cash letters.

REGIONS 1015

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