

Press Releases

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OTS 04-43 - Check Clearing for the 21st Century Compliance InfoBase Released by Federal Financial Institution Regulators

Office of Thrift Supervision

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For further information

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Check Clearing for the 21st Century Compliance InfoBase Released by Federal Financial Institution Regulators

The Federal Financial Institutions Examination Council (FFIEC) today announced the availability of an InfoBase for depository institutions that provides information on consumer compliance aspects of the Check Clearing for the 21st Century Act (Check 21).

The Check 21 InfoBase features a training presentation, examination procedures, frequently asked questions, and links to other resources that may be helpful in understanding Check 21. Each member agency will independently distribute this product to its staff. The InfoBase is accessible at www.ffiec.gov/exam/check21/default.htm.

Check 21 was signed into law on October 28, 2003, and will take effect on October 28, 2004. It facilitates check truncation and electronic check exchange by authorizing a new negotiable instrument called a "substitute check." Check 21 provides that a properly prepared substitute check is the legal equivalent of the original check. A depository institution can provide a legally equivalent substitute check when and where an original check is needed instead of providing the original check.

Although Check 21 does not require any depository institution to create substitute checks or accept checks electronically, certain provisions of Check 21 will affect all depository institutions, even those that do not create substitute checks. These provisions involve consumer awareness disclosures, and expedited recredit procedures to protect consumers who receive substitute checks. There are also new warranties and indemnities that protect all substitute check recipients.

The "FFIEC InfoBase" (<http://www.ffiec.gov>) concept was developed by the Task Force on Examiner Education to provide field examiners in financial institution regulatory agencies with a quick source of introductory training and basic information. The long-term goal of InfoBase is to provide just-in-time training for new regulations and for other topics of specific concern to examiners in FFIEC's five member agencies.

The FFIEC was established in March 1979 to prescribe uniform principles, standards, and report forms and to promote uniformity in the supervision of financial institutions. The Council has five member agencies: the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. The Council's activities are supported by interagency task forces and by an advisory State Liaison Committee, comprised of five representatives of state agencies that supervise financial institutions.

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The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at www.ots.treas.gov.