

AMERICAN BANKERS ASSOCIATION ROUTING NUMBER ADMINISTRATIVE BOARD ROUTING NUMBER POLICY

INTRODUCTION

In recent years considerable attention has been focused on the policy for the assignment and the administration of routing numbers. The basic routing number, devised by the American Bankers Association (ABA) in 1910 and adopted in 1911, has served to identify the specific financial institution which is responsible for the payment of a negotiable instrument.

In June 1985, the Routing Number Administrative Board (the Board) was created to administer the policy and procedures associated with routing numbers. The Board reports directly to the ABA Executive Committee.

Over the years both the purpose and structure of the routing number have changed, accommodating such things as the Federal Reserve System, the advent of MICR, electronic funds transfer (EFT), and the implementation of the Expedited Funds Availability Act (EFAA).

In 1973, a joint task force of the American Bankers Association and the Federal Reserve System was formed to formally define the purpose of the routing number, the eligibility criteria for obtaining a routing number, and to develop a logical approach as to how many numbers a bank could and should have. The work of this task force culminated with the publication in 1976 of a policy statement and a set of guidelines for assigning and administering routing numbers. The 1976 policy has remained essentially intact since it was published, although enhancements to the policy were made in 1988, 1991, and again in 1994.

Following the adoption of the 1994 revised Policy, the Board created an Interindustry Task Force to recommend appropriate revisions to the Policy to accommodate the implementation of interstate banking and the use of routing numbers for provision of cash management services.

The current Routing Number Policy is endorsed by the Routing Number Administrative Board and approved by the ABA Executive Committee. Membership of the Routing Number Administrative Board is comprised of representatives from the following organizations:

Voting Members

American Bankers Association (ABA member banks)
National Automated Clearing House Association (NACHA)
Credit Union National Association (CUNA)
America's Community Bankers (ACB)
The Clearing House
Mid-America Payment Exchange
The National Clearing House Association (NCHA)

Associate Members

Federal Reserve Bank (FRB)
Accuity (Official Registrar of Routing Numbers)

The current Routing Number Policy follows this introduction.

COMMENT

The transition to interstate banking as well as the consolidation within the financial service industry may lead paying banks to seek operating efficiencies through the consolidation of their payment processing operations and associated check presentments into a single or a few centralized locations. However, paying banks must act responsibly when planning presentment point changes and ensure that these changes do not either significantly increase collection costs or delay collection of a significant number of items or dollars. If

these consolidation efforts result in a substantial reduction in access to local presentment points, creating increased cost of collection and reduced availability for banks and their customers, the Routing Number Administrative Board will pursue corrective action.

Paying banks are reminded that, consistent with the purpose of the routing number as defined in this Policy, Federal Reserve Bank operating circulars require that the name of the paying bank and a city and state address of a location of the paying bank must be printed on the face of the check in order for that check to qualify as a cash item. Further, the city and state address printed on the check must be in the same Federal Reserve check processing region as the presentment point identified by the MICR routing number and in and availability zone that offers the same or slower availability as identified by the routing number (i.e. the address should not imply a better availability than will actually be received).

TERMINOLOGY

Federal Reserve Terms

Federal Reserve System geographic descriptions are used throughout the routing number policy and are defined below:

Federal Reserve District: One of the twelve geographic areas assigned to a Federal Reserve Bank main office. All of the United States and its territories fall into one of these twelve districts.

Federal Reserve Territory: A geographic area served by an office of a Federal Reserve Bank for the purposes of its check processing activities. That part of a district served by the main office is also referred to as a territory.

Federal Reserve Availability Zone: A geographic area within a Federal Reserve territory where all places of presentment receive the same credit availability (i.e. immediate, one day, two days). Availability zones are referred to as either city, regional check processing centers (RCPC) or country.

Other Common Terms

In this Policy, and for the purpose of discussion of this Policy, the following words or terms are used as defined below:

Bank: The word bank will be used to refer to any organization engaged in the business of banking which is authorized to access Federal Reserve provided payment services or act as a paying bank. This includes chartered financial service providers such as commercial banks, saving banks and credit unions as well as U.S. agencies or offices of foreign banks or foreign governments or central banks, and units of Federal or State Government. A bank's eligibility to be issued a routing number is determined by the criteria specified in Section II of the Policy.

Checks, Warrants and Drafts, Cash Items, Items: The words "checks", "warrants and drafts", "cash items", and "items" should be considered synonymous and interchangeable. When used, these terms will refer not only to the physical paper original, but also to any electronic representation created from the paper original and intended to act as either a temporary or permanent substitute for the original paper check or draft.

Electronic Transactions: This term will be used to refer to wire transfers, Automated Clearing House (ACH), book-entry securities or similar electronically originated transactions.

Presentment Point: A physical or electronic address at which a bank accepts delivery, either directly or through an authorized third party, of a financial transaction and incurs the obligation to make settlement. A presentment point need not be an office of the bank identified by the routing number.

Principal Office: The location of the bank's principal place of business for Federal Reserve membership or account maintenance purposes. It will be the location of the bank as identified in the bank's charter unless the bank designates some other location as its principal place of business.

ROUTING NUMBER POLICY

PURPOSE AND SCOPE

The purpose of the Routing Number Policy is to define procedures for the management and use of routing numbers which will best contribute to the collective needs of banks and their customers for efficient clearing and settlement of payment transactions while minimizing risk and float in the payment system.

The authority of a bank to provide financial or payment services is governed by the charter granted by the national or state regulatory authority. The assignment of a routing number to a bank does not expand the powers of that bank beyond those specified in the organization's charter, articles of association or rules and regulations of the chartering agency.

Assignment of a routing number conveys no rights of ownership of the number to the bank to which it is assigned. A routing number is not an asset of the bank and it may not be transferred or reassigned except as provided for in this Policy.

I. THE PURPOSE OF THE ROUTING NUMBER

The primary purposes of the routing number are:

- (a) to identify the bank which is responsible to either pay or give credit or is entitled to receive payment or credit for a financial transaction, and
- (b) to provide a reference to a designated presentment point of the bank at which the transaction can be delivered or presented.

The Routing Number is intended primarily to serve the needs of sending or collecting institutions by providing the capability for transactions to be transmitted and delivered for settlement in an efficient and timely manner with minimal processing and float costs to sending or collecting banks and payment system participants in general. In certain cases, special classes of routing numbers have been defined to facilitate either the presentment or processing of certain payment transactions.

Receiving or paying banks may use the routing number to enhance the efficiency of their payment processing operations or services provided to their customers as long as these enhancements do not significantly increase check collection costs or delay collection of a significant number of items or dollars.

The routing number serves a secondary purpose for most items/transactions by identifying the Federal Reserve office serving the presentment point of the bank. Therefore, the selection of the routing number to be assigned will be based on the location of the presentment point within a Federal Reserve district, territory or availability zone.

II. ELIGIBILITY CRITERIA FOR OBTAINING A ROUTING NUMBER

Routing numbers are classified into three categories, with each category having a specific eligibility requirements.

A. Regular Routing Numbers

"Regular" routing numbers are to be used for transmission, processing, clearing or presentment of paper-based transactions (checks and drafts) and electronic transactions (wire transfers, ACH or equivalent). In these transactions, the regular routing numbers identify the originating or collecting banks and the receiving or paying banks.

To be eligible for a Regular Routing Number, a bank must be eligible to maintain an account at a Federal Reserve Bank.¹ Other entities eligible for a routing number include:

1. A unit of the U.S. federal government (including federal banks), or
2. A unit of a state government.

Additionally, a bank must maintain a branch and presentment point within a Federal Reserve territory in order to be eligible for a routing number within that Federal Reserve territory. If a Federal Reserve territory contains more than one state, a bank must have at least one branch and a presentment point in each state where it wishes a routing number.

All banks and units of federal and state governments within the United States, which are determined to be eligible for regular routing numbers, may be issued such a number whether or not they choose to use the Federal Reserve System for the transmission or presentment of their payment transactions.

B. Electronic Transaction Identifiers

Electronic Transaction Identifiers (ETIs) are special purpose routing numbers designated for use as electronic addresses of organizations which are not banks but process payment transactions on behalf of banks.

Assignment of an ETI allows these organizations to receive or transmit electronic files, consisting of one or more payment transaction messages, on behalf of the financial institution for which the processing service is being provided.

An ETI **does not identify** the bank obligated to settle for the transaction and cannot be used to identify a party to be debited or credited in a financial transaction. **ETIs may not appear on checks or drafts.**

Assignment of an ETI is subject to confirmation by a Federal Reserve Bank that it has agreed to receive or transmit payment transactions to the applicant organization based on the use of an ETI and that the applicant has been designated by one or more banks as its processor.

Eligible organizations include:

- non-bank subsidiaries of banks or bank holding companies,
- clearinghouses, and
- independent non-bank affiliated processors.

C. Traveler's Check Identifiers

Traveler's Check Identifiers are special purpose routing numbers intended for use on paper items issued by payors of traveler's checks which pay more than 500,000 traveler's checks per month. A Traveler's Check Identifier may be used in an electronic check file, but cannot be used for wire transfers, ACH, or other electronic payments. Traveler's checks must be denominated in whole dollar amounts and must employ an algorithm in the MICR line "on-us" field which allows for the verification of the amount of the item. Information on this algorithm may be obtained from the traveler's check issuers.

¹ At the time of preparation of this Policy, to be eligible to maintain an account at a Federal Reserve Bank, an organization must be a U.S. based federal or state chartered depository institution as defined in Section 19(b) of the Federal Reserve Act or a U.S. branch or agency of a foreign bank, which is deemed by the Federal Reserve to be subject to comprehensive supervision or regulation in its home country.

Items bearing traveler's check identifiers must be payable in a Federal Reserve city. Any change in the place of presentment for traveler's checks must be approved, in advance, by the Board.

III. THE NUMBER OF ROUTING NUMBERS A BANK MAY HAVE

A. Regular Routing Numbers

1. Principal Office Number

All banks defined as eligible for assignment of regular routing numbers (see Policy Section II.A.) are entitled to at least one such routing number to identify the bank and its associated presentment point. This routing number shall be associated with the Federal Reserve district and territory in which the office, designated by the bank as its principal office, is located. The presentment point for this principal office number must be located in the same availability zone as the bank's principal office or an availability zone which offers a better availability within the same Federal Reserve Territory. Relocation of the bank's designated principal office may require either the assignment of a new routing number or that another routing number assigned to the bank be designated as the principal office number.

2. Numbers for Additional Presentment Points

Additional routing numbers may be issued to an eligible bank under the circumstances described below:

(a.) Within the Principal Office State and Federal Reserve Territory: A bank is eligible to be assigned a second routing number to identify a second point of presentment established within the same state as its principal office. If that state encompasses more than one Federal Reserve territory, the presentment point for this second routing number must be in the same Federal Reserve territory as the bank's principal office. This is the only case in which a bank could have a second routing number to identify a second presentment point within a state and Federal Reserve territory. (See Example). No additional numbers will be assigned for use within a bank's principal office state and Federal Reserve territory without the specific approval of the Routing Number Administrative Board.

(b.) Outside a Bank's Principal Office State/Fed Territory: A bank is eligible for the assignment of one number in each Federal Reserve territory provided it maintains at least one banking office and presentment point in that Federal Reserve territory. Further, a bank is eligible for the assignment of one number in each state within any given Federal Reserve territory in which it maintains at least one banking office and presentment point. In a state that encompasses more than one Federal Reserve territory, a bank is eligible for one routing number for each Federal Reserve territory within that state, again provided that the bank maintains both a banking office and presentment point in each territory within the state. (See Example). Additional numbers will not be assigned for use within a given state and Fed territory without the specific approval of the Routing Number Administrative Board.

3. Multiple Numbers for a Single Presentment Point

A bank may request one or more additional routing numbers for an established presentment point. The Routing Number Administrative Board must authorize the assignment of any additional numbers to be used to identify an existing presentment point.

Items bearing different routing numbers of the same paying bank which are to be delivered to the same presentment point of a bank may be commingled by the presenting bank for delivery to that presentment point.

4. Information in Support of Applications for Multiple Numbers

A bank submitting an application for additional routing numbers which will require review and approval by the Routing Number Administrative Board under Paragraph 2 and 3 should support its application with:

- (a.) Information which would demonstrate that the use of the additional number(s):
 - would not delay the collection of a significant number of items or dollars drawn on the new number or drawn on other numbers issued to the bank.
 - would not significantly increase costs for collecting banks.
 - is the only reasonable way that the bank's business need can be satisfied.
- (b.) Any other information that the applicant considers relevant or that the Board may request.

B. Electronic Transaction Identifiers

Assignment of multiple ETIs (see Section II.B.) will be at the discretion of the Board. The Board will take into consideration the degree to which such an assignment will facilitate the automated processing of electronic transactions to the benefit of the overall payment system and participants in the payment system.

C. Traveler's Check Identifiers

Payors of traveler's checks that meet the eligibility requirements (see Section II.C.) may be assigned a single traveler's check identifier. The Board may authorize assignment of additional numbers for identification of a presentment point in additional Federal Reserve cities if it determines that assignment is warranted based on volume of items and benefit to collecting banks and the payment system.

IV. ROUTING NUMBER STRUCTURE

The Routing Number is a 9-digit number consisting of three components as shown below:

XXXX	YYYY	C
Federal Reserve	ABA Institution	Check Digit
Routing Symbol	Identifier	

The first two digits of the Federal Reserve Routing Symbols have been allocated as follows:

- 00 Series: Checks and drafts of the U.S. Government and its agencies (except federal banks).
- 01-12 Series: All checks and electronic transactions of banks, Federal Reserve Banks, Federal Home Loan Banks, Federal Land Banks, Federal Intermediate Credit Banks, Farm Credit Banks, and state government units.
- 13-20 Series: Reserved for future use.
- 21-32 Series: Checks, drafts and electronic transactions of thrift institutions. (Discontinued assignment in 1985. Since that date thrift institutions are assigned routing numbers in the 01-12 series.)
- 33-39 Series: Reserved for future use.
- 40-49 Series: Reserved for future use.
- 50-59 Series: Reserved for internal process control purposes by banks, Federal Reserve Banks, and other entities.
- 60 Series: Reserved for future use.
- 61-72 Series: Electronic Transaction Identifiers.
- 73-79 Series: Reserved for future use.
- 80 Series: Travelers Checks
- 81-92 Series: Reserved for future use. (Numbers in the 90-91 series were originally used to identify non-par items. Such usage is now obsolete.)
- 93-99 Series: Reserved for future use.

NOTE: The use of numbers in series designated "Reserved for future use" will be determined by the Board.

A more complete description of the Routing Number and explanation of its use can be found in the User Instructions of the *ABA Key to Routing Numbers*.

V. ADMINISTRATION

A. Routing Number Administrative Board

The Routing Number Administrative Board is responsible for the administration of the Policy and all procedures developed pursuant to the Policy Routing Numbers.

The specific responsibilities of the Board are:

1. To develop and maintain procedures in support of the Policy.
2. To oversee the activities of the Registrar in the day-to-day administration of the Policy and the issuance and retirement of routing numbers.
3. To interpret the Policy on specific applications involving issuance, compliance, retirement, and other issues related to routing numbers, and to issue final decisions on appeals from decisions made by the Registrar.
4. To coordinate with the Federal Reserve System on all Policy issues and procedures.
5. To coordinate with related industry groups, such as NACHA, CUNA, and ACB, to ensure that routing number policy and procedures are supportive of the entire financial services industry.
6. To recommend revisions of the Policy to the ABA executive Committee for approval as required.

B. Routing Number Registrar

The Registrar of Routing Numbers is responsible for accepting and processing applications for assignment or transfer of routing numbers in accordance with the provisions of this Policy, maintaining the Routing Number database, publishing the *ABA Key to Routing Numbers* and related informational products, and performing other duties as instructed by the Board.

C. Application for Assignment or Transfer of Routing Numbers

Applications for a new routing number or transfer of an existing number should be submitted to the Registrar using the approved application form. An application for transfer of a number should be submitted by the bank to which the number will be issued if the transfer is approved. The Registrar will issue or transfer a routing number if, upon its review of the application, it confirms that the bank is eligible for the number under the provision of this policy. As part of its review of the application, the Registrar may consult with the representatives of the appropriate Federal Reserve Bank and the applicant's chartering agency to confirm the applicant bank's eligibility. The Registrar may request additional information from the applicant regarding its eligibility for the routing number.

D. Retirement of Routing Numbers

A routing number will be retired if the bank is no longer eligible for the number or if the bank has no further need for the number. Three years after being designated as a retired number, the use of the number for presentment and settling of payment transactions should cease unless an extension has been granted by the Board.

E. Reorganizations, Consolidations, Mergers, Business Termination, or Relocation

1. Business Termination

A bank which relinquishes its charter and ceases to exist as a legally chartered bank, except as a result of a merger, consolidation, or acquisition (see paragraph 3 below), is no longer eligible for a regular routing number and must relinquish any number assigned to it.

2. Relocation/closing of Banking Office or Presentment Point

If a bank changes the location of its presentment point or its designated principal office, the assignment of a new number may be necessary depending upon the circumstances, e.g., relocation to a Federal Reserve availability zone granting faster

availability. A bank which ceases to maintain at least one banking office or the presentment point associated with that office, as specified in Section III.A., must retire the routing number for that presentment point. If the banking office in question is transferred or acquired by another bank, the acquiring bank may request that the routing number serving that presentment point be transferred to it.

3. Merger, Consolidation or Acquisition among Banks

The surviving bank of a merger, consolidation, or acquisition is responsible for all of the routing numbers assigned to the banks involved and achieving compliance with Section III.A. of this Policy.

By the effective date of the merger, consolidation or acquisition, the surviving bank must select one of the principal office routing numbers of the banks involved as its primary routing number. The surviving bank must also designate the office which will serve as the principal office of the surviving bank responsible for managing that routing number, and advise the Registrar of Routing Numbers of this decision. (See Policy Section III.A.)

No more than one year after the effective date of the merger, consolidation or acquisition, the surviving bank should advise the Registrar of its plans to consolidate presentment points and retire routing numbers as necessary to comply with the provisions of Policy Section III.A. However, a bank will not be required to retire a routing number if the retirement of that number would significantly increase collection costs or delay collection of a significant number of items or dollars. Additionally, retention of the number must continue to be supported by evidence of a business need and by a presentment point consistent with the provisions in Section III.A.

No more than three years after the required date for providing this plan to the Registrar, the bank's use of its routing number(s) for payment operations will be expected to conform with this policy.

The Board should be notified promptly if the bank determines that it will be unable to comply with this deadline, but in any event, application for extension must be made no later than one hundred and twenty (120) days prior to the expiration of the three-year deadline.

F. Retirement of Routing Numbers Not in Compliance With Policy

Beginning on the effective date of this amended policy, banks possessing multiple routing numbers will be sent a notice by the Registrar on behalf of the Board. This notice will inform the bank of the Routing Number Policy and will advise it that use of all routing numbers which do not comply with the Policy must be discontinued.

Within sixty (60) days after the notice is sent, the Board must receive from entities with the multiple routing numbers:

- (1) a list of the routing numbers which are to be relinquished,
- (2) a list of those routing numbers that have been issued to the bank by the Registrar and that the bank is currently using, and
- (3) an accompanying certification, in writing, signed by an officer with authority to bind the bank that:
 - (i) the listed numbers are currently in use,
 - (ii) the bank is not using and will not use routing numbers to route checks in such a way as to delay their presentment, and
 - (iii) any routing number used to circuitously route items for the purpose of delaying payment will be forfeited by the bank.

Banks that identify routing numbers currently in use pursuant to the preceding paragraph and submit the required certifications will, upon the approval of the Board, be allowed to continue to use the routing numbers they have identified. Use of all other routing numbers must be completely discontinued within three years unless an extension is granted by the Board. Application for extension must be made at least one hundred and twenty (120) days prior to the expiration of the three-year deadline.

Whenever the Board determines that a bank is using routing numbers in violation of certifications made pursuant to this section, or if required certifications are not made, the Board will take appropriate steps to discontinue the use of any routing number used in violation of this policy as discussed below.

G. Violations of the Routing Number Policy

If the bank appears to be violating the Policy, the Board will serve notice by letter to the Executive Officer of the bank stating the Board's intent to discontinue the bank's use of the number in question.

The bank will have sixty (60) days to submit a written petition to the Board to present arguments that the bank's use of the number is not in violation of the Policy. The issues a bank may wish to cover in the petition include:

1. Volume of transactions and/or customers that will be affected.
2. Economic impact to the bank or community that would result if use of the number is discontinued.
3. The effect on the efficiency of the payments system that would result if use of the number is discontinued.
4. Extenuating operational issues that justify continued use.
5. Any other relevant information.

Appropriate representatives of the bank have the right to present clarification of the petition to the Board for a final decision. A bank may request that the decision of the Board be submitted to the American Arbitration Association for review under that group's Commercial Arbitration Rules.

If it is determined that the routing number is being used in violation of the policy then:

1. Notice will be given to the bank that the number is being revoked.
2. The Registrar of Routing Numbers will be directed to place the routing number on its list of discontinued numbers and publish this information in the *ABA Key to Routing Numbers*.
3. Notice will be given to the Federal Reserve, which will be asked to discontinue processing of transactions using that routing number. Thereafter, items identified by this number may no longer be collectible through the Federal Reserve System.

Requests for extension can be made in writing to:

Routing Number Administrative Board
c/o American Bankers Association
1120 Connecticut Avenue, NW
Washington D.C. 20036

COMMENTARY

This commentary provides additional information about the Policy and its application by providing answers to frequently asked questions regarding provisions of the Routing Number Policy as interpreted by the Board.

Answers to Frequently Asked Questions

Q1. My bank has branches which are located in two different availability zones within the same Federal Reserve territory. Can my bank have a separate routing number for each zone?

A1. Yes, if your branches are located within the same state and Federal Reserve territory as your bank's principal office, you would be eligible for two routing numbers, one of which must identify a presentment point located in the same availability zone as your bank's principal office or a zone which offers better availability. The other may be located in any availability zone within that same state and Fed territory. (See Policy Section III.A. and Example) However, the presentment point identified by this second number cannot be in an availability zone which offers slower availability than the city and state address of the bank printed on the face of the check.

Q2. My bank is located in an RCPC zone but my processing site is in a different availability zone. Which availability will I get? Do I get two routing numbers?

A2. The principal office number assigned to your bank must identify a presentment point in the availability zone in which the principal office of your bank is located or a zone which offers faster availability. If your processing center is in an availability zone which offers faster availability than the zone in which your principal office is located, you may choose to designate either your principal office or your processing center as the presentment point for your principal office number. (See Section III.A.1.) Your bank is also eligible for a second routing number to identify a second presentment point located within the same Fed territory and state as your principal office. (See Section III.A.2)

Q3. My bank wishes to enter into cash management business. Can I have a separate routing number for my controlled disbursement accounts?

A3. Yes. The Policy provides for the assignment of an additional number to identify one additional presentment point in the same state and Fed territory as your bank's principal office which could be used for providing cash management services. Your bank may also be eligible for additional numbers if you maintain branches and presentment points in other states or territories. (Policy Section III.A.)

Q4. My bank has recently been chartered as an industrial bank, but I was told by the Routing Number Registrar that my bank did not qualify for a regular routing number. However, I am aware of an industrial bank in another state that did qualify. Why?

A4. The type of bank is not a determining factor because the powers granted by a charter can vary from state to state. The key consideration for assignment of a regular routing number is whether your bank is eligible to maintain an account at a Federal Reserve Bank. (See Policy Section II.A.)

Q5. I have an account number which was issued to be by my local Fed. This number is not listed in the *ABA Key to Routing Numbers*. Why not?

A5. The Federal Reserve has internal account numbers which often appear to be the same as routing numbers. However, they are not routing numbers and cannot be used on checks, drafts, or ACH items. Only Accuity, as the official numbering Registrar for the American Bankers Association, can issue the ABA routing numbers which appear in the publication *ABA Key to Routing Numbers*.

Q6. Can a bank, currently assigned a routing number, request a routing number change to an availability zone granting faster or slower availability in the same Federal Reserve territory?

A6. Yes. However, the bank's old number must be retired when the new number is issued.(Policy Section V.D.) Also, the presentment point for the bank's principal number cannot be located in an availability zone which offers slower availability than the availability zone in which the principal office is located. (See Policy Section III.A.1.)

Q7. I have two questions. My bank captures data from checks at my processing center but posts the data at another location.

a) Which location does the routing number identify?

A7:a)The routing number identifies the location (i.e. presentment point) you have designated as the point at which your bank accepts delivery of items bearing that routing number and as a result becomes obligated to settle for those items. If your processing center is the presentment point for your bank, then that is the location identified by your routing number. (See Policy Section I. and definition of presentment point under TERMINOLOGY)

b) What availability will my items have?

A7:b)The availability of your items, as indicated by the routing number, is determined by the location of the place you have selected for presentment of your items. (See Policy Section I)

Q8: What if my processing center processes items for other banks that have designated the processing center as their presentment point? What routing numbers are used?

A8: Each bank would use its own routing number (unless these items are payable through drafts) identifying your processing center as the designated presentment point for the bank. This means that multiple routing numbers will be presented to one site. The processing center itself does not qualify for a regular routing number for the processing of cash items because these numbers are issued only to banks.

Q9: My bank will be consolidated with several other banks in our holding company to form a single bank with branches in multiple states and Fed districts and territories. We currently have a routing number which identifies our operations center as the presentment point. Can we use this number on all items drawn on the consolidated bank regardless of branch location and, if so, how should we identify our bank location on the face of these checks?

A9. Yes, you could use the routing number associated with your operations center on all checks drawn on the consolidated bank. However, if you choose to do this, Federal Reserve operating circulars require that those checks bear the name of your bank as the paying bank, and a city and state address of a location of your bank. This city and state address must be in the same Federal Reserve check processing territory as your operations center where the checks will be presented and in the same availability zone or a zone which offers slower availability than your operations center. That is, the city and state address on the check cannot imply a better availability than will actually be provided. You should also review the FRB Reg CC Section and the associated commentary on Presentment and Issuance of Checks, which discusses where a bank must accept delivery of its items.

Q10: My bank is acquiring branches from another bank located in another Fed territory. We wish to provide the customers of those branches with checks printed with our bank name and the local branch city and state address but process those items at our existing operations center in this territory. Can we get a new routing number for use by these branches which identifies our operations center as the presentment point?

A10: You may be eligible for an additional routing number for use

by these branches but it would have to identify a presentment point in the same Fed territory as the branches since the city and state address of the branches will be printed on the face of the check. Federal Reserve Bank operating circulars require that the bank's name and address on the face of the check and the location of the presentment point identified by the routing number be in the same Federal Reserve territory and that the presentment point be in the same availability zone as the city and state address on the check or a zone which offers better availability. You should also review the FRB Reg CC Section and the associated commentary on Presentment and Issuance of Checks, which discusses where a bank must accept delivery of its items.

Q11: Several of the banks in our holding company are being merged into a single bank. The executive offices and management of the surviving bank will be housed in the former headquarters building of one of the merged banks located in the RCPC zone of one Fed territory and all the affairs of the bank will be managed out of this location including the management of the bank's Fed account. The charter of the surviving bank will list a location in another Fed territory as the address of the bank, although the office at that location will function primarily as a branch. We currently have a routing number for each location. Which location becomes our principal office for routing number purposes? Does it also have to be the presentment point for the number?

A11: A key determinant of a bank's principal office is the location from which the bank's Fed account will be managed, therefore your principal office will be the location you describe as the former headquarters of one of the merged banks and your principal office number will be assigned to this location. The presentment point for the principal office number can be another location but that location must be in the same availability zone as your bank's principal office or in an availability zone within the same Fed territory which offers better availability.

Q12: Can a bank have more than one routing number per availability zone?

A12: It may be possible for a bank to have more than one routing number in an availability zone to identify either a new or an existing presentment point. However, the Routing Number Administrative Board must authorize the assignment of the additional number and a bank will have to justify the need for the additional number. Items bearing these numbers may be commingled by the presenting banks for presentment to this location. (See Policy Section III.A.3.). Except within the bank's principal office State and Fed territory, a routing number will not be issued to identify a second presentment point within a Fed territory or state within that territory without the specific approval of the Routing Number Administrative Board.

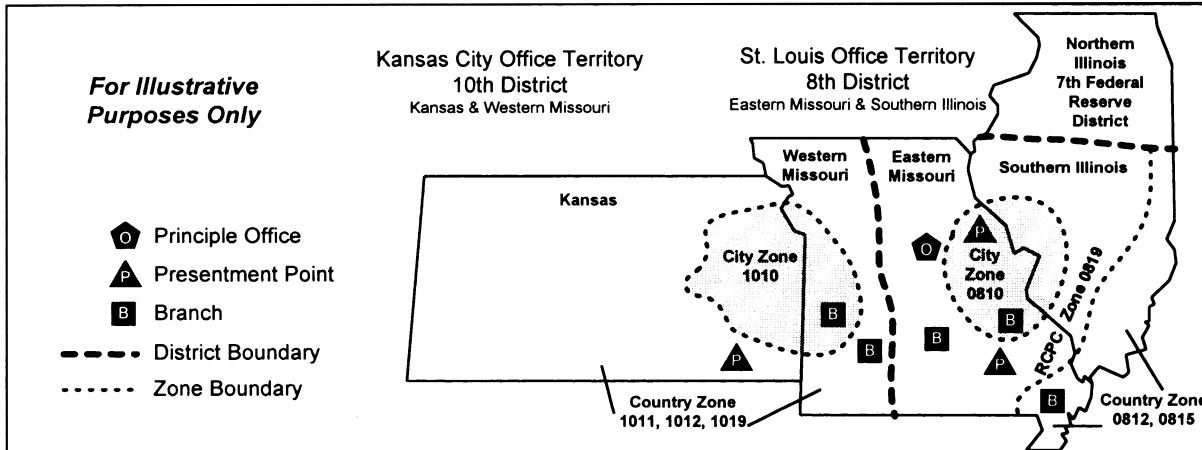
Q13: Although my bank's paper items are processed by my principal office, we want our ACH items delivered to a service provider in another Federal Reserve District. Are we eligible for another routing number for ACH items?

A13: No. You do not qualify for an additional number. You must arrange with your ACH operator to properly deliver your ACH transactions to your service provider.

Q14: According to the Policy, my bank has several numbers which should be retired. However, it will take us more than three years to retire all the numbers. What will happen to those items after three years?

A14: The purpose of retiring numbers is to improve the efficiency of the payments system by keeping the total number of routing numbers to as few as possible. The Board recognizes that there may be unusual circumstances which will require longer than a three year conversion period. Immediately upon recognition that your bank will not be able to make the three year deadline, you should apply in writing for an extension to avoid disruption in the presentment of your cash items.

Example



The figure above illustrates implementation of policy provisions for the assignment for routing numbers using the example of a bank with branches located throughout the state of Missouri and with its principal office located in the Missouri portion of the RCPC zone of the St. Louis Branch Territory of the St. Louis Fed. Note: There is no RCPC zone in the check processing territory served by the Kansas City Office of the Kansas City Fed.

Principal Office Routing Number.

The principal office number assigned to this bank must reflect the Fed district and territory of its principal office location and the availability digit must reflect location of the presentment point identified by this principal office number. This presentment point must be in the same availability zone as the bank's principal office or a zone which offers better availability as this example shows. (See Policy Section III.A.1.)

In this example the presentment point identified by the principal office number is located in the St. Louis City Zone and the routing number assigned would be 0810 XXXX C, where 081 indicates the St. Louis District and Territory and 0 indicates a City availability zone.

Number for Second Presentment Point.

This bank is also eligible for another routing number to identify a second presentment point located in any of the three availability zones of the Missouri portion of this territory regardless of whether it maintains branches in that zone. (See Policy Section III.A.2.)

In this example, the bank has established this presentment point in the RCPC zone. The routing number assigned to the bank to identify this presentment point would be 0819 XXXX C.

Presentment Point in other states or Fed Territories

Although the bank in this example has branches only in the Missouri portion of the Kansas City Office of the Kansas City Fed, it is eligible for a routing number to identify a presentment point in Kansas because the Policy allows for a bank to have a routing number in each Fed Territory in which it maintains at least one branch and a presentment point. (See Policy Section III.A.2.(b))

Within a Federal Reserve territory, a bank is eligible for assignment of a routing number in each state in which the bank maintains at least one branch and a presentment point. Therefore, in order to become eligible for a second routing number in the Kansas City Office Territory, the bank in this example would have to establish a presentment point in the western Missouri portion of the territory **and** open at least one branch in the Kansas portion of the territory.