§ 210.2 Definitions.

As used in this subpart, unless the context otherwise requires:

(a) **Account** means an account with reserve or clearing balances on the books of a Federal Reserve Bank. A subaccount is an informational record of a subset of transactions that affect an account and is not a separate account.

(b) **Actually and finally collected funds** means cash or any other form of payment that is, or has become, final and irrevocable.

(c) **Administrative Reserve Bank** with respect to an entity means the Reserve Bank in whose District the entity is located, as determined under the procedure described in § 204.3(b)(2) of this chapter (Regulation D), even if the entity is not otherwise subject to that section.

(d) **Bank** means any person engaged in the business of banking. A branch or separate office of a bank is a separate bank to the extent provided in the Uniform Commercial Code.

(e) **Bank draft** means a check drawn by one bank on another bank.

(f) **Banking day** means the part of a day on which a bank is open to the public for carrying on substantially all of its banking functions.

(g) **Cash item** means—

(i) A check other than one classified as a noncash item under this section; or

(ii) Any other item payable on demand and collectible at par that is payable in a Federal Reserve District1 (District); sent by a sender to a Reserve Bank for handling under this subpart; and

(C) Collectible in funds acceptable to the Reserve Bank of the District in which the instrument is payable; and

(ii) An electronic image of an item described in paragraph (i)(1)(i) of this section, and information describing that item, that a Reserve Bank agrees to handle as an item pursuant to an operating circular.

(2) **Electronic item** means an item described in paragraph (i)(1)(ii) of this section.

Note: Unless otherwise indicated, item includes both a cash and a noncash item, and includes a returned check sent by a paying or returning bank. Item does not include a check that cannot be collected at par, or a payment order as defined in § 210.26(i) and handled under subpart B of this part.

(j) **Nonbank payor** means a payor of an item, other than a bank.

(k) **Noncash item** means an item that a receiving Reserve Bank classifies in its operating circulars as requiring special handling. The term also means an item normally received as a cash item if a Reserve Bank decides that special conditions require that it handle the item as a noncash item.

(l) **Paying bank** means—

(1) The bank by which an item is payable unless the item is payable or collectible at or through another bank and is sent to the other bank for payment or collection; and

(2) The bank at or through which an item is payable or collectible and to which it is sent for payment or collection;

(m) **Returned check** means a cash item or a check as defined in 12 CFR 229.2(k) returned by a paying bank, including a notice of nonpayment in lieu of a returned check, whether or not a Reserve Bank handled the check for collection.

1 For purposes of this subpart, the Virgin Islands and Puerto Rico are deemed to be in the Second District, and Guam, American Samoa, and the Northern Mariana Islands in the Twelfth District.
Federal Reserve System

§ 210.3 General provisions.

(a) General. Each Reserve Bank shall receive and handle items in accordance with this subpart, and shall issue operating circulars governing the details of its handling of items and other matters deemed appropriate by the Reserve Bank. The circulars may, among other things, classify cash items and noncash items, require separate sorts and letters, provide different closing times for the receipt of different classes or types of items, provide for instructions by an Administrative Reserve Bank to other Reserve Banks, set forth terms of services, and establish procedures for adjustments on a Reserve Bank's books, including amounts, waiver of expenses, and payment of interest by as-of adjustment.

(b) Binding effect. This subpart, together with subparts C and D of part 229 and the operating circulars of the Reserve Banks, are binding on all parties interested in an item handled by any Reserve Bank.

(c) Government items. As depositaries and fiscal agents of the United States, Reserve Banks handle certain items payable by the United States or certain Federal agencies as cash or noncash items. To the extent provided by regulations issued by, and arrangements made with, the United States Treasury Department and other Government departments and agencies, the handling of such items is governed by this subpart. The Reserve Banks shall include in their operating circulars such information regarding these regulations and arrangements as the Reserve Banks deem appropriate.

(d) Government senders. Except as otherwise provided by statutes of the United States, or regulations issued or arrangements made thereunder, this subpart and the operating circulars of the Reserve Banks apply to the following when acting as a sender: a department, agency, instrumentality,