



Date

Bank Contact

Bank Name

Dear <Contact>:

The Federal Reserve operates a currency quality monitoring program to ensure that currency in circulation remains fit for commerce. As part of this monitoring program, the Federal Reserve periodically samples banknotes from circulation through a currency quality sample, to assess their quality and estimate the overall quality of currency in circulation. **Your institution has been selected to participate in the 2017 Currency Quality Sample. We hope that you will provide your support in this important annual effort.**

The results of the 2016 currency quality sample indicated that the notes received as part of the sample were of higher quality than the notes the Federal Reserve Banks receive on a daily basis from regular deposits. This aligned with our expectations that some banks are fitness sorting and sending the Federal Reserve mostly excess or unfit notes. The Federal Reserve's shred configuration, which determines when a note is removed from circulation, was not adjusted as a result of this outcome.

Your participation in the 2017 Sample will help the Federal Reserve continue to ensure accurate estimates of the quality of currency in circulation. We request that your institution (or your outsourced armored carrier, as applicable) send your local Federal Reserve office a separate sample deposit for each selected endpoint, composed of three bundles (3,000 notes) each of the \$1, \$5, \$10 and \$20 denominations **between April 3rd and April 17th**, for a total of 12 bundles (12,000 notes) per selected endpoint.

Please obtain the sample notes from deposits made by your commercial customers, ensuring the notes have not been subjected to any type of fitness sorting. For each zone in which your institution submits a complete sample (three bundles of each denomination) by the April 17th deadline, your institution will receive a zone-wide waiver for all cross-shipping fees incurred during the week of May 1st. In addition, the Federal Reserve will also waive any UCAP fees associated with the deposit(s) of sample notes, provided the samples include three bundles (3,000 notes) of each requested denomination.

The instructions for gathering and sending these sample notes are attached. They are designed to ensure that we receive a random sample of notes from your deposits (and thus a random sample of currency in circulation). If you have outsourced your currency operations to an armored carrier, please provide them with these instructions so that they can gather and send the sample notes on your behalf.

Thank you in advance for your participation in this important process. If you would like any clarification or you have additional questions, please feel free to contact me at <phone number and email address>.

Sincerely,

<FRB Contact>

PAPERWORK REDUCTION ACT NOTICE

This request is authorized by law (12 U.S.C. §248) and is voluntary.

Reporting burden for this request is estimated to average 30 minutes or 0.5 hour per response. Send comments regarding this burden estimate or any other aspect of this information collection, including suggestions for reducing this burden, to Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0332), Washington, DC 20503.

Currency Quality Sampling Instructions

Thank you for agreeing to participate in the important Federal Reserve effort to collect a random sample of \$1, \$5, \$10 and \$20 notes to assess the overall quality of currency in circulation. In order to obtain the most accurate estimates, we request that you select and submit the quantity of notes listed below.

Please note that the procedures below are generic procedures based on a survey of financial institutions and may not exactly reflect your particular operational environment. **If you believe that your internal procedures are significantly different from the procedures referenced below and will not yield a sample that is representative of typical deposits that your institution receives, or if you have any questions, concerns, or suggestions, please call (FRB contact) at (number/email).**

Quantity of sample notes:

| <u>Denomination</u> | <u>Quantity (must be in whole bundles)</u> |
|---------------------|--|
| Ones | 3 bundles (3,000 notes) |
| Fives | 3 bundles (3,000 notes) |
| Tens | 3 bundles (3,000 notes) |
| Twenties | 3 bundles (3,000 notes) |

Please follow these steps for each selected endpoint when assembling your currency sample:

- Notes collected for the currency sample should represent the typical range of fitness characteristics of your incoming deposits. Please select notes from a variety of customers on different shifts and/or different days. Do not handpick the worst or best quality notes from your customers.
- Select the notes after deposits are piece counted and sorted by denomination.
 - Do not select sample notes from deposits that are fitness sorted prior to receipt by your facility, such as deposits from your branch network or any casino customers. Also, the sample should not include any suspected counterfeit notes.

| IF... | THEN... |
|---|---|
| A selected endpoint is known to correspond exclusively to an ATM... | Disregard that endpoint and call (FRB contact) at (number/email) to inform them that this endpoint corresponds exclusively with an ATM. |
| A high-speed processing machine is used to count, verify, and denomination sort your commercial deposits... | Ensure that the sample contains the notes that were out-sorted to the reject pocket as well as those sorted to the fit pocket(s). |
| Your commercial deposits are counted, verified, and sorted by denomination either manually or via tabletop equipment... | Ensure that the sample contains the notes that are normally set aside as unfit/"mutilated" as well as those identified as fit. |

Currency Quality Sampling Instructions

- Combine the notes by denomination and verify that the total quantity is 3 bundles (3,000 notes) for each denomination (\$1s, \$5s, \$10s, and \$20s), for a total of 12 bundles, or 12,000 notes. Please prepare the deposit for the Federal Reserve in accordance with deposit guidelines in section 4.2 of the Federal Reserve Cash Manual of Procedures found at the link below:

https://frbervices.org/files/regulations/pdf/operating_circular_2_csmop_010416.pdf

- Package the notes in standard FRB deposit increments of 100 notes per strap and 10 straps (1,000 notes) per bundle.



- Each strap should indicate your DI name, ABA routing number, the four-digit identification number of your depositing office (endpoint number) and the date of packaging.
- Place the combined sample notes in its own deposit bag, separate from other deposit(s), and enclose the “Currency Quality Sample” labeling form (see Attachment II on page 5 of these instructions) in the bag, preferably printed on colored paper. Note the sample on a separate shipping manifest if you are sending it in the same shipment as your regular deposit, and send the deposit to your local Federal Reserve office.

Deposits should be sent to your local Federal Reserve office anytime between April 3rd and April 17th. On the day of shipment to your local Federal Reserve office, please notify **(FRB contact name and phone number and/or email address)** that the sample has been sent. If applicable, the receiving Federal Reserve office will key the electronic deposit information for you. If you do not have a scheduled deposit to your local Federal Reserve office during this two-week period, please contact **(FRB contact name and phone number and/or email address)** for further instructions.

CURRENCY QUALITY SAMPLE

FRB Receiving Team:

Please deliver to (FRB contact name) after receipt and verification.

From: _____
Bank Name

Location: _____

Endpoint Number: _____

Date of Sample: _____

Currency Quality Sample Notes:

| | No. of Bundles | Total \$ Amount |
|------|---|-----------------|
| \$1 | _____ (Requested: 3 bundles/\$3,000) | _____ |
| \$5 | _____ (Requested: 3 bundles/\$15,000) | _____ |
| \$10 | _____ (Requested: 3 bundles/\$30,000) | _____ |
| \$20 | _____ (Requested: 3 bundles /\$60,000) | _____ |

Contact management if you are unsure of whether a deposit should be part of the sample or not.

Please segregate these deposits so that they can be stored for special processing.

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