

From: Southwest Bank of Texas, Donald R. Markus
Subject: Availability of Funds and Collection of Checks

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Proposal: Regulation CC - Availability of
Funds and Collection of Checks
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Comments:

@@@Paragraph	Issue	Description
229.2 (yy) (2)	Question	Object to the portion of the paragraph following, "...in lieu thereof...". What is a "paper representation" of a substitute check? A substitute check either is, or is not a substitute check. If a person that is not a bank creates a substitute check, it is not a "paper or electronic representation", it is a substitute check. Why is this differentiation being suggested?
229.2 (zz) (2)	Clarify	Either define or give examples of "generally applicable industry standards".
229.33 (d)	Comment	No reduction in the time frame for providing a notice of nonpayment is deemed necessary.
229.51(b) (2)	Question	Why does the reconverting bank have to put its' nine-digit routing number in two different locations on the Substitute Check?
229.51(c)	Question	Can a non-MICR "Substitute Check" be returned as a non-negotiable item (lack of MICR makes it not a legal Substitute Check)?
229.52(a)	Question	Once a check is converted into an ACH transaction, it is no longer a check. How can it be covered by Check 21 if it isn't an Original or Substitute Check?
229.52 (a) (5)	Comment	Object to the inclusion of the statement "even if the demand for duplicative payment results from a fraudulent substitute check about which the warranting bank had no knowledge". in extending warranties beyond the reconverting bank. This would appear to require all banks in the forward and/or return flows to maintain a perpetual file of every substitute check processed for comparison to all future substitute checks received. Particularly in the case of

