

Date

Bank Name

Address

Dear <Contact>:

In conjunction with the Recirculation Policy, the Federal Reserve Banks have developed a currency quality policy to ensure that currency in circulation remains fit for commerce. The quality policy is composed of a monitoring program to monitor the overall quality of currency in circulation, and remediation options that could be taken, should a significant deterioration in quality be identified. As part of the monitoring program, Reserve Banks periodically sample currency notes in circulation to assess their quality levels.

**Your institution has been randomly selected to participate in the 2010 sampling program, and your participation will help ensure the accuracy of currency quality estimates.** We request that during the period between April 26 and May 7, you send your local Fed office a separate, specially-labeled deposit comprised of 3,000 notes *each* of the \$5, \$10 and \$20 denominations, culled from your incoming commercial customer deposits. For each zone in which your institution submits a complete sample (three bundles of each denomination) by the deadline, your institution will receive a zone-wide waiver for all cross-shipping fees incurred during the week of May 17. Please note that any UCAP fees associated with the currency sample activity will also be waived.

The instructions for gathering and sending these notes are attached. They are designed to ensure that we receive a random sample of 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 notes on your behalf. We will be happy to answer any questions you have by [insert preferred method here: telephone/email/conference call].

Thank you in advance for your participation in this important study. 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 60 minutes or 1.0 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 (7100-0323), Washington, DC 20503.

## 2010 Currency Quality Sampling Instructions

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Thank you for agreeing to participate in an important Federal Reserve effort to collect a sample of currency “as received” from your institution’s incoming commercial deposits. The goal of the sample is to obtain a national sample of \$5, \$10 and \$20 notes that are representative of the quality of currency in circulation. 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 the procedures outlined below will not yield that result in light of your specific internal processes, or if you have any questions, concerns, or suggestions, please do not hesitate to call (FRB contact) at (number/email).**

### Quantity of sample notes:

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

Please follow these steps when assembling your sample notes:

- Select the sample notes based on the following guidance:
  - The sample notes should represent the range of fitness characteristics of your incoming deposits. Consider including notes from a variety of your customers and/or notes that you received on different days.
  - The sample should only include notes that have not been subject to any type of prior fitness sorting, whether by visual inspection at the branch level or via currency processing equipment.
    - Exclude deposits from the sample that are fitness sorted prior to receipt by your office, such as, potentially, incoming deposits from your branch network.
    - Any endpoint that corresponds exclusively to an ATM should not participate in the sample.
    - Select the notes after deposits are piece verified and sorted by denomination. If you separate unfit (“mutilated”<sup>1</sup>) during piece

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<sup>1</sup> This term refers to notes that are soiled, worn, defaced, etc. and are not fit for recirculation, and should not be confused with the Bureau of Engraving & Printing’s definition of mutilated notes, which are notes whose value cannot be determined except by special examination and/or note pieces that are not clearly more than half of the original note.

## 2010 Currency Quality Sampling Instructions

verification and denomination sorting, **please include all unfit/mutilated notes in the sample in addition to the fit notes.**

- If you are using a machine to count, verify and denomination sort your commercial deposits, please ensure that the sample you collect contains the notes that were out-sorted to the reject pocket as well as those sorted to the fit pocket(s) excluding counterfeits.
  - If you only count, verify and denomination sort your commercial deposits manually or on tabletop equipment, please ensure that any notes the teller would normally set aside as unfit/mutilated are included in the sample.
  - **Suspected counterfeit notes should be handled in accordance with your normal internal procedures and not included in the sample.**
  - Once the notes are gathered, combine the notes by denomination and verify that the total quantity is 3 bundles (3,000 notes) for each denomination requested (\$5s, \$10s, \$20s). Package the notes in standard FRB increments. Each strap should indicate your name, ABA routing number, and the four-digit identification number of your depositing office (endpoint number) and date of sample.
2. Place the sample notes in a separate deposit bag, enclose the Special Currency Sample form (see Attachment II) in the bag, and send the deposit to your local Fed Office, noting it on a separate shipping manifest if you are sending with your regular Fed deposit.
  3. **Deposits should be sent to the Federal Reserve Bank anytime between April 26 and May 7.** On the day of shipment to the Fed, notify ***(FRB Contact phone number and/or email address)*** of the dollar amount and breakdown of the sample notes. If applicable, the receiving Fed Office will key the electronic deposit information for you.

If you do not have a scheduled Fed run during this 2-week period, please contact this same FRB contact person for further instructions.

# SPECIAL CURRENCY SAMPLE

**FRB Receiving Team:**

*Please deliver to (FRB Contact Name) after receipt and verification.*

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From: \_\_\_\_\_  
*Bank Name*

Location: \_\_\_\_\_

ABA: \_\_\_\_\_

Date of Sample: \_\_\_\_\_

Currency Quality Sample Notes:

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