Operating Rules

XX(D). Electronic/Image Returns (continued)

Depositary Bank in accordance with the newest (last appearing) Electronic Indorsement.

(b) If the Depositary Bank is not identified in the Electronic Indorsement, the Returning Member shall return the item to the Depositary Bank that is identified in the Depositary Bank’s indorsement printed on the back of the Electronic Image.

(c) If the Depositary Bank is not identified in the Electronic Indorsement and the Depositary Bank is not identified in an indorsement printed on the back of the Electronic Image or such printed indorsement is illegible, the Returning Member shall return the item in accordance with the oldest (first appearing) Electronic Indorsement of a Collecting Bank identified with an Electronic Indorsement.

(d) If the Electronic Image cannot be returned in accordance with subsections XX(D)(5)(a) through XX(D)(5)(c), the Returning Member shall return the item to the Returnee Member that originally sent the Electronic Image to the Returning Member.

(6) As an alternative to handling the return of an item in conformance with Section XX(D)(5), the Returning Member may return the item to a bank that has agreed to act as a returning bank, in conformance with Regulation CC, Sections 229.30 and 229.31.

(7) A Returning Member may handle the return of an Electronic Image based on an Electronic indorsement in conformance with Section XX(D)(5), notwithstanding the existence of a different indorsement of a Depositary Bank or Collecting Bank that is physically printed on the back of the Electronic Image.

(8) In the event that the Returning Member is returning the Electronic Image in accordance with Section XX(D)(5)(c) or XX(D)(5)(d) either as an Electronic Image/Return under Section XX or as a substitute check, the Returning Member is not required to provide an advice or notice to the Returnee Member that the Depositary Bank indorsement was illegible, as otherwise required under Regulation CC, Section 229.30(b).

(9) If a Returnee Member receives an Electronic/Image Return for which the Returnee Member is not the Depositary Bank or for which the Returnee Member has not agreed to act as a returning bank, the Returnee Member shall either:

(a) return the Electronic/Image Return to the Depositary Bank (or a bank agreeing to act as a returning bank) in accordance with the return routing hierarchy established under Section XX(D)(5), or

(b) if, there is insufficient information to route the return in accordance with Section XX(D)(5), send the Electronic/Image Return to the Returning Member pursuant to an applicable adjustment process indicating that the Electronic/Image Return was misdirected to the Returnee Member.
XX(D). **ELECTRONIC/IMAGE RETURNS (CONTINUED)**

The Returning Member shall indemnify the Returnee Member that acts in accordance with this section and otherwise handles the Electronic/Image Return in accordance with responsibilities of a collecting bank under the Code for any loss that arises to the Returnee Member as a result of handling the misdirected Electronic/Image Return. Nothing in this subsection shall remove the obligation of the Returning Member to comply with the return routing requirements of Section XX(D)(5). This Section XX(D)(9) does not govern the manner in which a Returnee Member handles an Electronic/Image Return that was returned by the Returning Member because of an administrative return reason related to the Electronic Image received by the Paying Bank in the forward exchange (i.e. the Originally Received Item).