

MEMO# 2096

August 8, 1990

CHECK AGING STUDY - NOVEMBER, 1989

June 15, 1990 TO: OPERATIONS COMMITTEE NO. 17-90 RE: CHECK AGING STUDY - NOVEMBER, 1989 _____ Attached hereto are the results of the Operations Committee Check Aging Study of investor's checks presented to money market and other income funds during the month of November, 1989. Forty (40) management companies representing three hundred eighty-seven (387) funds participated in the survey. One hundred sixty-seven (167) funds reported no returned check activity. The results of the funds surveyed show that for the month of November, 1989, a total of 782,857 shareholder checks were deposited and cleared. A total of 2,653 shareholder purchase checks were dishonored or returned. Of these, a total of 2,416 or 91.1% were returned within 10 days of deposit. Within 15 days of deposit, 97.8% of all dishonored checks were returned to funds. Comparisons of these figures with those of earlier (1987) check aging studies, which occurred prior to the Federal Reserves' Funds Availability Act, which was enacted in August of 1987, showed that only 76.7% of checks were returned within the first 10 days. Within 15 days of deposit, 94.1% were returned. The Results of the November, 1989 study indicate that, for the first time, checks are clearing a great deal faster than in previous years and it appears that the Federal Reserves' Rules are serving their purpose. For analysis purposes, a summary table of the previous seven check aging studies is attached. The Operations Committee has been conducting check aging studies yearly since 1980. The results of the Check Aging Studies through the years have aided mutual funds in establishing appropriate redemption policies which further protect shareholder assets where fund shares are purchased by personal checks. Donald E. O'Connor Vice President - Operations Attachments