

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 516, January 2, 1923  
Superseding Circular 298 as amended by Circulars 461 and 483 ]

Collection of Maturing Notes, Bills, and Other  
Collection Items

**To all Member Banks in the Second Federal Reserve District:**

You will find in the following pages the current rules and regulations covering the collection of maturing notes, bills, and other collection items. This circular is intended primarily to codify and clarify all previous circulars issued by us on this subject and supersedes the provisions of all such previous circulars.

This circular, however, does not cover the collection of checks, the rules and regulations governing which are specifically set forth in our circular No. 515, dated January 2, 1923.

This circular covers the mutual rights and duties of this bank and all banks which send maturing notes, bills, and other collection items to us for collection, and also the conditions to be observed by banks to which we send these items for collection and remittance.

**1. GENERAL CONDITIONS UNDER WHICH COLLECTION ITEMS ARE ACCEPTED**

Every bank sending maturing notes, bills or other non-cash items to the Federal Reserve Bank of New York, or to another Federal Reserve Bank direct for our account, will be understood to have agreed to the terms and conditions of this circular and to have agreed that in receiving such items the Federal Reserve Banks will act only as the collecting agent of the sending bank; that the Federal Reserve Banks will be responsible only for due diligence and care in forwarding or presenting such items; that the Federal Reserve Banks are authorized to present or forward such items, for payment in cash or bank draft, direct to the bank on which they are drawn, at which they are payable or through which they are collectible, or to present them direct to the person, firm, or corporation on which they are drawn for payment in cash or bank check, or in their discretion to forward them to another agent with the same authority that they have to present or forward them for payment; and that, except as herein provided, the Federal Reserve Banks shall be held liable only when they have received payment in cash or in the proceeds of the bank draft or check, or when they have given advice of payment.

**2. ITEMS RECEIVED UNDER THIS CIRCULAR**

The Federal Reserve Bank of New York will receive for collection from its member banks:

- (a) All classes of time items and sight and demand drafts, with or without securities, bills of lading, or other documents attached;
- (b) Drafts on savings banks with pass books attached;
- (c) Checks, drafts, or other cash items that have been dishonored or protested;
- (d) Maturing bonds and coupons.

COLLECTION OF MATURING NOTES, BILLS, AND OTHER COLLECTION ITEMS

Direct Sending to Other Federal Reserve Banks of Collection Items

Member banks may, under certain conditions, route certain collection items payable in other districts direct to other Federal Reserve Banks and Branches for our account, provided permission to do so is first obtained from the Federal Reserve Bank of New York.

3. CREDIT AND HANDLING OF COLLECTION ITEMS BY FEDERAL RESERVE BANK OF NEW YORK

Credit for Collection Items Sent to Us, Other than Maturing Bonds and Coupons

Upon receipt of payment for items received by us under this circular, credit will be given in the reserve account of the member bank depositing such items, and such member bank will be advised of the credit. Items returned unpaid will be returned to the bank that deposited them for collection.

The proceeds of bankers acceptances payable in the cities where Federal Reserve Banks or their Branches are at present or may hereafter be established, will be available, subject to final payment, on day of maturity.

The proceeds of bankers acceptances payable elsewhere than in Federal Reserve or Federal Reserve Branch cities, will be available, subject to final payment, one or more days after maturity, in accordance with the schedule on page 4 of this circular.

Credit for Maturing Bonds and Coupons

Credit will be given, or, if desired, a check will be issued, on due date, for coupons from United States Government bonds, notes, Treasury certificates of indebtedness, and from Farm Loan bonds issued by the Federal Land Banks.

Proceeds of bonds and coupons, other than United States Government obligations, due or past due, payable in the City of New York, forwarded to us for collection only, will be credited upon receipt of payment and advice of payment will be given at that time. If, however, they are *listed to us in a coupon cash letter*, credit will be given, subject to final payment of such items, one day after receipt when received by 9 A. M. Proceeds of maturing bonds or coupons, payable outside of the City of New York, will be credited to the sending bank's reserve account upon receipt of payment and advice of payment will be given at that time.

Unpaid Collection Items and Protest Instructions

The Federal Reserve Bank of New York receives and forwards collection items under the following instructions, unless otherwise instructed:

Return all unpaid items immediately with reason for non-payment;

Protest all unpaid items over \$10.

4. FREE COLLECTION SERVICE

No service charge for collecting items received under the terms of this circular will be made by this bank. It is recognized, however, that a bank, which we may select, in presenting and remitting for maturing notes, bills and other such items, renders a service for which it may legally ask a reasonable charge, if it cares to do so. If any such charge is made it will be deducted from the face amount of the item, and credit will be given for the actual proceeds, as indicated in our advice of credit. Many of our collecting banks, however, are remitting without charge, and for the benefit of our members, items will be presented, whenever practicable, through such banks.

Inasmuch as collection items, payable in any Federal Reserve or Federal Reserve Branch city, are collected by us through the Federal Reserve Bank or Branch in that city, no such collection charge, therefore, will be made in any such case.

## COLLECTION OF MATURING NOTES, BILLS, AND OTHER COLLECTION ITEMS

A service charge of 15 cents per item will be made on all non-cash collection items returned unpaid and unprotested. This charge will not apply on items that are protested.

When we are requested to do so by member banks, telegraphic advice of payment or non-payment of non-cash collection items will be obtained by us and telegraphic advice will be given. All telegraphic costs in connection with such service, as well as all telegraphic costs in connection with tracing, or in connection with special instructions, etc., will be charged to the requesting member bank.

### 5. PRACTICE FOR SENDING BANKS

Member banks are requested to list collection items, other than maturing bonds or coupons, in a separate letter, and, in describing the respective items, to give the member bank's collection number, the name of the payer, instructions for protest, or other special instructions, and the date, maturity, and amount of each item.

*This bank will be guided entirely by the instructions contained in the collection letter.*

Special notations on or attached to any item will not be recognized unless such special notations are also mentioned in the collection letter.

Promissory notes and drafts payable otherwise than at sight, or on demand, must have affixed the proper Federal tax stamps: For a sum not exceeding \$100, a two-cent stamp; and for each additional \$100 or fractional part thereof, an additional two-cent stamp.

Maturing bonds and coupons must be listed in a separate letter, and not included in a letter enclosing checks, notes, bills, or other collection items.

To insure safety, it is suggested that maturing bonds and coupons be sent to us by registered mail insured, or by express.

Maturing bonds and coupons sent to us for collection should be listed separately as to each class, and only coupons of one class should be enclosed in one coupon envelope.

Coupons owned by individuals must have ownership certificates attached.

Envelopes enclosing coupons owned by domestic or resident corporations should bear stamp of the depositing bank, as follows: "The coupons enclosed, without ownership certificates attached, are owned by a domestic or resident corporation."

Maturing coupons from United States Government bonds, notes, and Treasury certificates of indebtedness, and from Farm Loan bonds issued by Federal Land Banks, must be listed in a separate coupon letter, and may be deposited ten days in advance of due date, for credit on the due date.

Upon request, we will furnish prescribed schedules and coupon envelopes for United States Government and Federal Land Bank coupons.

### 6. PRACTICE FOR COLLECTING BANKS

Each note, bill, or other item, sent by us for collection, will be accompanied by our form in current use.

It is desirable that payment be made by advice of credit, preferably on our form that accompanies the item, with proper notation of the payment of the item, and an authorization for the charge to the collecting bank's reserve account.

If payment is not made by advice of credit, remittance should be sent in New York exchange.

Collecting banks are requested to follow carefully the instructions contained in our collection letter with regard to presentation, protest, etc.

The right is reserved to withdraw, add to, or amend at any time, or from time to time, any or all of the foregoing rules and regulations, with or without previous notice.

Very truly yours,

BENJ. STRONG,

*Governor.*

Schedule Showing When Proceeds of Bankers' Acceptances will be Available if Collected Through the Federal Reserve Bank of New York

<i>Locality</i>	<i>District No.</i>	<i>Credit Available at Maturity for Items Payable in</i>	<i>Credit for Items Payable elsewhere in District Available</i>
Boston	1	Boston, Mass.	1 day after maturity
New York	2	New York, New York Buffalo, New York	1 day after maturity
Philadelphia	3	Philadelphia, Pa.	1 day after maturity
Cleveland	4	Cleveland, Ohio Cincinnati, Ohio Pittsburgh, Pa.	1 day after maturity
Richmond	5	Richmond, Va. Baltimore, Md.	2 days after maturity for Maryland, District of Columbia and Virginia. 3 days after maturity for West Virginia, North Carolina and South Carolina.
Atlanta	6	Atlanta, Ga. New Orleans, La. Jacksonville, Fla. Birmingham, Ala. Nashville, Tenn.	1 day after maturity for acceptances of member banks only. Acceptances of non-members when collected.
Chicago	7	Chicago, Ill. Detroit, Mich.	1 day after maturity
St. Louis	8	St. Louis, Mo. Louisville, Ky. Memphis, Tenn. Little Rock, Ark.	1 day after maturity
Minneapolis	9	Minneapolis, Minn. St. Paul, Minn. Helena, Mont.	1 day after maturity
Kansas City	10	Kansas City, Mo. Oklahoma City, Okla. Omaha, Neb. Denver, Col.	1 day after maturity
Dallas	11	Dallas, Texas El Paso, Texas Houston, Texas	1 day after maturity
San Francisco	12	San Francisco, Cal. Spokane, Wash. Portland, Oregon Seattle, Wash. Salt Lake City, Utah Los Angeles, Cal.	1 day after maturity