

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 6370 ]  
[ July 18, 1969 ]

COLLECTION OF CASH ITEMS  
Revisions of Operating Circulars Nos. 4 and 5

*To the Member Banks and Nonmember Clearing Banks  
of the Second Federal Reserve District:*

Enclosed are copies of the following documents of this Bank, all revised effective September 2, 1969:

Operating Circular No. 4, "Collection of Cash Items," and

Operating Circular No. 5, "Time Schedules—Availability of Credit for Cash Items," and its Appendix No. 1, "New York Head Office Time Schedule," and Appendix No. 2, "Buffalo Branch Time Schedule."

The revisions result from the discontinuance on September 2, 1969 of the practice by both our Head Office and Buffalo Branch of processing and dispatching cash items to all payor country banks located in the Second Federal Reserve District. Thereafter, our Head Office and Buffalo Branch will each handle cash items payable at payor banks located in the territory of the other office in the same manner as items payable in another Federal Reserve District. Thus, most payor banks in the Second District will receive cash letters from only that Reserve Bank office in whose territory the payor bank is located, thereby minimizing the accounting activities associated with the receipt of multiple cash letters from both the Head Office and Buffalo Branch.

Revised Appendix No. 1 of Operating Circular No. 5 also reflects the cessation at the Head Office, beginning September 2, 1969, of the practice of accepting for deposit items of \$500 and over until 3:30 p.m. on Mondays through Fridays and until 11:00 a.m. on Saturdays. Too few banks have made use of this service to warrant our special handling of such items. Many items in such deposits can be included with those items that are accepted until 9:30 p.m. on Mondays through Fridays and 11:00 a.m. on Saturdays.

The revisions also incorporate the outstanding supplements.

Additional copies of the enclosures will be furnished upon request.

ALFRED HAYES,  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

**Operating Circular No. 4  
[ Revised effective September 2, 1969 ]**

**COLLECTION OF CASH ITEMS**

*To the Member Banks and Nonmember Clearing Banks  
of the Second Federal Reserve District, and Others Concerned<sup>1</sup>:*

1. Regulation J of the Board of Governors of the Federal Reserve System (hereinafter referred to as Regulation J), this operating circular, and our time schedules prescribe the terms and conditions upon which we will handle cash items for collection. This operating circular, our Operating Circular No. 6, and our time schedules are issued pursuant to the provisions of Sections 4, 13, 14(e), and 16 of the Federal Reserve Act and the provisions of related statutes and in conformity with the provisions of Regulation J. All terms defined in Regulation J and used herein have the meanings stated in that regulation.

2. Unless otherwise stated, all references to the Federal Reserve Bank of New York, or "this Bank," will include the Head Office and its Buffalo Branch.

**Items which will be handled as cash items**

3. Except as otherwise provided by this operating circular, the following items may be sent to this Bank for handling as cash items in accordance with and subject to the provisions of Regulation J, of this operating circular, and of our time schedules:

(a) Checks drawn upon any bank included in the current "Federal Reserve Par List," which indicates the banks upon which checks are collectible at par through the Federal Reserve Banks and is furnished from time to time and supplemented each month to show changes subsequent to the last complete list.

(b) Government checks, postal money orders, and food stamp coupons.<sup>2</sup>

(c) Such other demand items, collectible at par in funds acceptable to the Federal Reserve Bank of the District<sup>3</sup> in which such items are payable, as we may be willing to accept as cash items.

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<sup>1</sup> Instructions pertaining to the handling of cash items by collecting and paying banks are contained in our Operating Circular No. 6, entitled "Instructions to Collecting Banks and Paying Banks."

<sup>2</sup> Provisions governing the collection of the foregoing cash items are contained in Appendix A, Appendix B, and Appendix C, respectively, of this operating circular.

<sup>3</sup> For the purposes of this operating circular, the Virgin Islands and Puerto Rico shall be deemed to be in or of the Second Federal Reserve District, and Guam shall be deemed to be in or of the Twelfth Federal Reserve District. See Regulation J, note 1.

4. Whenever any instrument is accepted by us for credit to our own account, the account of another Federal Reserve Bank, or any account on our books, we will handle the instrument as a cash item if it would have been a cash item but for the fact that it was not sent to us by a sender.

#### Items which will not be handled as cash items

5. This Bank will not handle any item as a cash item if

(a) A passbook, certificate, or any other document is attached to the item; or

(b) Special instructions, including requests for special advice of payment or dishonor, accompany the item; or

(c) The item consists of more than a single thickness of paper, except as provided in paragraph 41 of this operating circular; *provided, however,* that any mutilated, erroneously encoded, or other cash item contained in a carrier qualifying under existing standards for handling by high-speed check-processing equipment will be handled by us as a cash item; or

(d) Except as provided in paragraph 41 of this operating circular, the item has not been preprinted, or post-encoded before its receipt by us, with the routing symbol and the suffix of the transit number of the paying bank (or nonbank payor) in magnetic ink in E-13B type in the manner prescribed, and at the location assigned, by the A.B.A.; *provided, however,* that this Bank will handle such items as cash items when, in our judgment, special circumstances justify such handling.

Such items, if sent to this Bank for collection, should be sent only as noncash items and, if so sent, will be received by us for collection subject to all the terms and conditions of Regulation J and of our operating circular relating to the collection of noncash items.

6. In the event that an item which will not be handled as a cash item by virtue of paragraph 5 is sent to any Federal Reserve Bank in a cash letter, the Federal Reserve Bank will treat it as follows:

(a) An item of \$1,000 or over received from a sender located outside the city of the receiving Federal Reserve office will be charged back and entered for collection as a noncash item; and

(b) Any other item will be charged back and returned.

7. We reserve the right, in our discretion, to return or to handle as a noncash item any item which has previously been dishonored or if special conditions require that it be handled as a noncash item, and this Bank shall decide whether such special conditions exist.

8. A cash item payable by or through one office of a bank will not be received from another office of the same bank for collection as either a cash item or a noncash item by us or by any other Federal Reserve Bank.

## **Terms and conditions of collection**

9. Regulation J prescribes terms and conditions under which all Federal Reserve Banks will collect checks and other cash items for the senders thereof. Such terms and conditions and the terms and conditions of this operating circular, our Operating Circular No. 6, and our time schedules will apply to the handling of all cash items which we accept for collection thereunder and to the handling of all bank drafts and other forms of payment or remittance which we receive for such items.

10. Section 210.3 of Regulation J provides that the provisions of that regulation and of the operating circulars of the Federal Reserve Banks shall be binding upon the sender of a cash item and shall be binding upon each collecting bank, paying bank, and nonbank payor to which the Federal Reserve Bank, or any subsequent collecting bank, presents, sends, or forwards a cash item received by the Federal Reserve Bank. Section 210.16 of Regulation J provides that each Federal Reserve Bank shall issue operating circulars not inconsistent with the provisions of that regulation governing the details of its operations in the handling of cash items and containing such other matters as are required by the provisions of that regulation.

11. A cash item payable in any other Federal Reserve District and forwarded for collection to the Federal Reserve Bank of such other District by us or sent direct to such Federal Reserve Bank for our account by a sender which maintains or uses an account with us will be handled by such Federal Reserve Bank subject to the terms and conditions of Regulation J and of the applicable operating circulars and time schedules of such Federal Reserve Bank; but we will give credit to the sender for such item in accordance with our time schedules.

12. Under Section 4-204(1) of the Uniform Commercial Code, a collecting bank must send items by reasonably prompt methods, taking into consideration any relevant instruction, the nature of the items, the number of such items on hand, the cost of collection involved, and the methods generally used by it or others to present such items. In furtherance of the purpose of this requirement, and in the interest of good banking, the indirect routing of cash items is discouraged, and member and nonmember clearing banks should not send to us or to other Federal Reserve Banks for our account any items payable in other Federal Reserve Districts which bear the endorsements of banks located in other Federal Reserve Districts, in cases where it is evident that such items have been routed indirectly.

## **Preparation of cash letters by senders**

13. All cash items sent to us, or to another Federal Reserve Bank direct for our account, may be listed without description. However, each sender should bear in mind the importance of maintaining adequate records to enable it to identify its depositors or other endorsers

on such items, so that, in the event any such item is lost or destroyed while in transit to a Federal Reserve Bank, or is thereafter lost or destroyed, the sender may be in a position to take appropriate action with respect to the item.<sup>4</sup> All cash letters and tape listings accompanying such cash letters should be dated and identified with the name and the A.B.A. transit number, if any, of the sender.

14. We reserve the right to require such separate sorts of cash items as we may deem appropriate; and we reserve the right to require both separate sorts and deposits in separate cash letters of Government checks, postal money orders, and food stamp coupons. Other instructions relative to sorting and listing of cash items are set forth in our time schedules.

### **Endorsements**

15. All cash items sent to us, or to another Federal Reserve Bank direct for our account, should be endorsed without restriction to, or to the order of, the Federal Reserve Bank to which sent, or endorsed to, or to the order of, any bank, banker, or trust company, or endorsed with equivalent words or abbreviations thereof. The endorsement of the sender should be dated and should show the A.B.A. transit number of the sender, if any, in prominent type on both sides of the endorsement.

16. In the event a cash item is received by a Federal Reserve Bank from a sender without the endorsement thereon of such sender, the Federal Reserve Bank may present, send, or forward the item as if it bore such endorsement, or place on the item the name of such sender and the date of its receipt by the Federal Reserve Bank, or return the item to the sender for proper endorsement by the sender. This Bank makes the warranties stated in Section 210.6(b) of Regulation J by presenting, sending, or forwarding a cash item. These warranties arise whether or not such item bears the endorsement of this Bank.

### **Presentment for payment**

17. As contemplated by Section 210.7 of Regulation J, any cash item may be presented for payment by a Federal Reserve Bank or a subsequent collecting bank, may be sent by a Federal Reserve Bank or a subsequent collecting bank for presentment and payment, or may be forwarded by a Federal Reserve Bank to a subsequent collecting bank with authority to present it for payment or to send it for presentment and payment. However, this Bank and the other Federal Reserve Banks reserve the right to return without presentment any

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<sup>4</sup> In the event of the loss or destruction of a cash item while in transit, this Bank will not indemnify the sender or any prior party for costs incurred or expenses sustained in identifying the item, reconstructing it, or obtaining a substitute item and processing it for collection, nor for any other loss or expense arising from the loss or destruction.

cash item payable by or through a bank which is not on the "Federal Reserve Par List" or may have been reported closed.

18. We do not by this operating circular, or otherwise, agree to present any item, or to cause any item to be presented, earlier than such item is required to be presented, in the exercise of ordinary care, under the provisions of applicable State law.

#### **Uniform instructions regarding protest and advice of nonpayment**

19. Except as provided in paragraph 20 hereof, all Federal Reserve Banks will receive, handle, and forward cash items subject to the following uniform instructions regarding protest and wire advice<sup>5</sup> of nonpayment, except that Government checks will not be protested; and any contrary or special instructions noted on cash letters or otherwise transmitted with cash items will be disregarded:

(a) PROTEST any dishonored item of \$1,000 or over:

(i) which appears on its face to have been drawn at a place which is not within any State,<sup>6</sup> unless it bears on its face the A.B.A. no-protest symbol of a Federal Reserve Bank or of a preceding bank endorser, or

(ii) which bears on its face the legend, "PROTEST REQUIRED," of a Federal Reserve Bank or of a preceding bank endorser.

(b) DO NOT PROTEST:

(i) any item of less than \$1,000, or

(ii) any item of \$1,000 or over unless it is protestable under subparagraph (a).

(c) WIRE ADVICE of nonpayment of any item of \$1,000 or over, unless it has not been paid because of a missing, irregular, or unsatisfactory endorsement or unless it bears on its face the legend, "DO NOT WIRE NONPAYMENT," of a Federal Reserve Bank or of a preceding bank endorser. Include in the advice of nonpayment, the amount of the item, the reason for nonpayment, the date of our cash letter, the name of the drawer or maker, and the names of the two endorsers immediately preceding the Federal Reserve Bank or their A.B.A. transit numbers, if any.

(d) DO NOT WIRE ADVICE of nonpayment of:

(i) any item of less than \$1,000, or

(ii) any item of \$1,000 or over unless such advice is required by subparagraph (c).

20. DO NOT PROTEST AND DO NOT WIRE ADVICE of nonpayment of any cash item, regardless of amount, endorsed by the Treasurer of the United States, or endorsed for credit to the Treasurer

<sup>5</sup> For the purposes of this operating circular, the term "wire" includes telephone, telegraph, and cable.

<sup>6</sup> The term "State" is defined in Section 210.2(\*) of Regulation J to mean any State of the United States, the District of Columbia, or Puerto Rico, or any territory, possession, or dependency of the United States.

of the United States, or bearing on its face or in an endorsement the legend "This check is in payment of an obligation to the United States and must be paid at par. N.P. Do not wire nonpayment" or words of similar import.

21. If any sender desires to have any cash item (other than a Government check, postal money order, or food stamp coupon) handled by us or by any other Federal Reserve Bank under any instructions differing from the uniform instructions given above, it will be necessary for such sender to forward such item as an individual noncash item, with the instructions noted in the letter of transmittal, for collection and credit when paid, in accordance with the terms of our current operating circular relating to the collection of noncash items.

22. This Bank shall have no responsibility for determining whether any other bank has (a) made or provided for the protest of any cash item protestable under the provisions of this operating circular or (b) given any wire advice of nonpayment required under the provisions hereof.

#### **Communications by wire; costs and charges**

23. Telegrams pertaining to payment, nonpayment, or tracing of cash items, or in connection with receiving or transmitting pertinent information or instructions, will be sent to the extent practicable over the Federal Reserve Leased Wire System without cost to member and nonmember clearing banks. The cost of all such telegrams and cables sent over commercial wires will be charged to the senders from which the items were received, and commercial wire telegrams and cables to such senders will be sent collect. A Federal Reserve Bank may, in its discretion, use the telephone in lieu of telegraph or cable for any purpose indicated by this paragraph.

#### **Time schedules and availability of credit**

24. Section 210.16 of Regulation J provides that the Federal Reserve Banks may classify cash items, require separate sorts and cash letters, and provide different closing times for the receipt of different classes or types of cash items. In conformity with that provision, we publish and furnish to member and nonmember clearing banks and other senders time schedules containing further provisions with regard to separate sorts and cash letters and which indicate when credit for cash items will become available for withdrawal and other use by the senders after receipt by us. For all items accepted as cash items, the senders will be given immediate credit or deferred credit, in accordance with such time schedules and as provided in Regulation J. Credit for cash letters containing items unsorted as to availability may be deferred for the longest period of availability prescribed by the current time schedules of this Bank with respect to any item enclosed.

25. Time schedules do not in many instances show the actual time required for collection, and advices from us showing the availability of items cannot be considered as advices of actual payment on the dates of availability. Credit will in all instances be subject to receipt of payment by us in actually and finally collected funds.

### ***Immediate credit***

26. For all such cash items as are accepted for immediate credit in accordance with our current time schedules, immediate credit will be given upon our books at full face value in the reserve account, nonmember clearing account, or other appropriate account upon the day of receipt, and the proceeds will at once be counted as reserve for the purposes of Regulation D and become available for withdrawal and other use by the sender; *provided, however*, that we may in our discretion refuse at any time to permit the withdrawal or other use of credit given for any item for which we have not yet received payment in actually and finally collected funds.

### ***Deferred credit***

27. For all such cash items as are accepted for deferred credit in accordance with our current time schedules, deferred credit will be entered upon our books at full face value, but the proceeds will not be counted as reserve for the purposes of Regulation D nor become available for withdrawal or other use by the sender until the expiration of the time specified in our time schedules, at which time credit will be transferred from the deferred account to the reserve account, nonmember clearing account, or other appropriate account and will then be counted as reserve for the purposes of Regulation D and become available for withdrawal and other use by the sender; *provided, however*, that we may in our discretion refuse at any time to permit the withdrawal or other use of credit given for any item for which we have not yet received payment in actually and finally collected funds.

### **Instructions to collecting banks and paying banks**

28. Instructions pertaining to the handling of cash items by collecting banks and paying banks are set forth in our Operating Circular No. 6.

### **Information to senders regarding return items**

29. The attention of senders is called to our "Instructions to Collecting Banks and Paying Banks" to the effect that (a) each paying bank which takes or receives a credit or obtains a refund in respect of a cash item received by it from or through a Federal Reserve Bank warrants to such Federal Reserve Bank, to a subsequent collecting



bank, and to the sender and all prior parties that it took all action necessary to entitle it to recover such payment within the times limited therefor; (b) a collecting bank which returns an unpaid item to a Federal Reserve Bank warrants to such Federal Reserve Bank and to the sender and all prior parties that its return of the item was timely; (c) no Federal Reserve Bank shall have any responsibility for determining whether the paying bank took all action necessary to entitle it to recover such payment or whether the return of the item to it by a collecting bank was timely; and (d) if a paying or collecting bank, in accordance with applicable State law, makes a direct return to the depository bank of an unpaid cash item which it has received from or through us or any other Federal Reserve Bank, any provisional credit for the item between such paying or collecting bank and this Bank or any other Federal Reserve Bank, between this Bank or any other Federal Reserve Bank and the sender, and between this Bank and any other Federal Reserve Bank shall become and remain final.

30. If a cash item is returned without entry, we will make refund to the returning bank and charge the sender only if the latter specifically authorizes us to do so.

#### **Direct sending of cash items to other Federal Reserve Banks**

31. Member and nonmember clearing banks and other senders maintaining or using accounts with us which have a substantial volume or dollar amount of cash items payable in any other Federal Reserve District which they wish to collect through the Federal Reserve Banks are required to apply to us for authority to send such items direct to the Federal Reserve Bank of the District in which such items are payable for collection and credit to us; *provided, however*, that we may, in our discretion, withdraw such authority at any time. Appropriate instructions will be transmitted to the member and nonmember clearing banks and other senders which are authorized to send direct.

32. In the event that any sender maintaining or using an account with us has, in our judgment, a sufficient volume or dollar amount of cash items payable in any other Federal Reserve District to justify direct sending and this Bank authorizes such sender to send such items direct to the Federal Reserve Bank of such other Federal Reserve District, we reserve the right to decline to accept any such items from such sender.

#### **Direct sending of cash items to other office of this Bank**

33. Member and nonmember clearing banks and other senders maintaining or using accounts with one office of this Bank which have a substantial volume or dollar amount of cash items payable in the territory of the other office of this Bank which they wish to collect through this Bank are required to apply to us for authority to send such items direct to such other office.

34. In the event that any sender maintaining or using an account with one office of this Bank has, in our judgment, a sufficient volume or dollar amount of cash items payable in the territory of the other office of this Bank to justify direct sending and this Bank authorizes such sender to send such items direct to such other office of this Bank, we reserve the right to decline to accept any such items from such sender unless the items are sent direct.

#### **Reimbursement of transportation costs for member banks**

35. Each member bank which sends cash items direct to other Federal Reserve Banks will be reimbursed by us for postage or other normal transportation costs, not including insurance, on all such items sent direct under our authority. Similar reimbursement will be made also for cash items sent direct to the other office of this Bank. In the interest of expeditious and economical handling, those direct-sending member banks that by arrangement deliver to this Bank for consolidated shipment cash items payable in other Federal Reserve Districts or in the territory of the other office of this Bank should not deviate from the arrangement except upon prior approval of this Bank. Transportation costs of such consolidated shipments will be paid by us.

36. Claims for reimbursement of transportation costs should be submitted monthly on our forms, a supply of which will be furnished upon request. A member bank should submit its claims to the office of this Bank with which it maintains its reserve account. Upon approval of the claim, the reserve account of the member bank will be credited with the amount thereof.

37. Each direct-sending member bank should give constant attention to methods of shipment and should change the method in any case in which shipment can be made by another method at a lower cost and without loss of time in presentment. In cases in which we pay the transportation costs, we reserve the right to require a change in method of shipment in any situation where, by the use of another method, a more efficient handling by the receiving Federal Reserve Bank will result, or presentment can consistently be made more promptly, or at a lower cost and without loss of time.

#### **Standardization, sorting, routing, and mechanized processing**

38. To facilitate the sorting, routing, and mechanized processing of cash items, and thereby promote earlier presentment and earlier return of unpaid items, it is urged that:

(a) In conformity with the A.B.A. Magnetic Ink Character Recognition Program, the routing symbol and the suffix of the transit number be encoded on all cash items in magnetic ink in B-13B type in the manner prescribed, and at the location assigned, by the A.B.A.

(b) The appropriate transit number-routing symbol in fractional form be clearly imprinted in the upper right corner of all cash items

payable by or through all par-remitting banks, preferably in Gothic type, the face of which measures at least 8 points vertically or 1/9 of an inch from the top to the bottom of the individual characters.

(c) Cash items be otherwise conformed to the standards prescribed by the A.B.A., including a minimum width of  $2\frac{3}{4}$  inches, a maximum width of  $3\frac{3}{8}$  inches, a minimum length of 6 inches, and a maximum length of  $8\frac{3}{4}$  inches, and be restricted to a single thickness of card or paper.

39. If, in our judgment, the processing of any cash item by us requires the inscription thereon in magnetic ink, or otherwise, of the A.B.A. transit number, the routing symbol, or both, of the paying bank (or nonbank payor) or requires the inscription thereon in magnetic ink of the amount of such item, we may so inscribe the item and present, send, or forward it accordingly; and the sender of such item shall be deemed to assume the risk of loss resulting from delay caused by the act of inscribing such amount or such number, symbol, or both.

40. This Bank may present, send, or forward any cash item, in accordance with the provisions of Section 210.6 of Regulation J, on the basis of:

(a) Any A.B.A. transit number or routing symbol appearing thereon at the time of its receipt by us, whether inscribed by magnetic ink or by any other means, and whether or not such transit number or routing symbol is consistent with each other form of designation of the paying bank (or nonbank payor) then appearing thereon; or

(b) Any other form of designation of the paying bank (or nonbank payor) then appearing thereon, whether or not consistent with any A.B.A. transit number or routing symbol then appearing thereon.

### Photographic copies

41. In the event we receive, as a cash item, a properly prepared photographic copy of a lost or destroyed item which was eligible for handling as a cash item, which copy bears a current endorsement of the sender and the following legend, or one of equivalent effect, signed by or in behalf of the sender:

"This is a photographic facsimile of the original check which was endorsed by the undersigned and reported lost, stolen or destroyed while in the regular course of bank collection. All prior and any missing endorsements and the validity of this facsimile are hereby guaranteed, and upon payment hereof in lieu of the original check, the undersigned will hold each collecting bank and the payor bank harmless from any loss suffered, provided the original check is unpaid and payment is stopped thereon."

we will handle the copy as follows:

(a) We will present or send the copy as a cash item to the paying bank (or nonbank payor), subject to all the rules as to remittance for, and return of, cash items; or

(b) If such paying bank (or nonbank payor) declines to handle the copy as a cash item but is willing to handle it as a noncash item, we will charge back to the sender the amount of the copy and will present or send the copy to the paying bank (or nonbank payor) as a noncash item under the terms of our current operating circular relating to the collection of noncash items; or

(c) If such paying bank (or nonbank payor) refuses to handle the copy, we will charge back the amount of the copy and return the copy to the sender.

### **Right to amend**

42. The right is reserved to withdraw, to add to, or to amend, at any time, any of the provisions of this operating circular and of our time schedules.

### **Effect of this circular on previous circular**

43. This circular supersedes our Operating Circular No. 4, Revised effective September 1, 1967, and the First Supplement thereto, dated April 28, 1969.

ALFRED HAYES,  
*President.*

## APPENDIX A

### GOVERNMENT CHECKS

1. Government checks drawn on the Treasurer of the United States will be handled by us as cash items in accordance with, and subject to, the provisions of Treasury Department Circular No. 21 (31 Code of Federal Regulations, Part 360). Copies of that circular will be furnished upon request. With respect to matters not covered by that circular, the terms and conditions of Regulation J applicable to cash items, of this operating circular, and of our time schedules shall be applicable to all such Government checks.

2. We will give immediate credit, subject to payment in actually and finally collected funds, for Government checks as provided in our time schedules. Such checks will be forwarded by us to the Treasurer of the United States and shall be subject in all cases to examination and payment by the Treasurer. Under Treasury Department Circular No. 21, the Treasurer has reserved the right to examine and to refuse payment of all Government checks handled by the Federal Reserve Banks.

3. Section 210.12 of Regulation J, relating to the return of cash items by paying banks, is not applicable to Government checks. In the event that the Treasurer of the United States refuses payment of any Government check upon first examination and such check, or photographic copy thereof, is returned to this Bank as outlined in Treasury Department Circular No. 21, the amount of such check will be charged back to the account of the sender and simultaneously credited to the account of the Treasurer. This Bank shall have no responsibility to the sender of any Government check, or any other owner or holder thereof, with respect to the nonpayment of any such check and return by the Treasurer of any such check or photographic copy thereof.

4. The attention of senders is directed to 31 U.S.C. §§ 122 and 129, to the effect that (a) claims on a Government check which appears of record to have been paid, must be made within six years after the date of issuance of the check and (b) an action to enforce liability upon a forged or unauthorized signature or endorsement or alteration of any Government check must be commenced within six years after the presentment of the check, or written notice of such a claim given within that period, provided that, if a claim is made upon an apparently paid check, the six-year period with respect to the commencement of an action or the giving of written notice will be extended an additional 180 days.

## APPENDIX B

### POSTAL MONEY ORDERS

1. Postal money orders (United States postal money orders; United States international postal money orders; domestic-international postal money orders) will be handled by us as cash items in accordance with an agreement made by the Postmaster General, in behalf of the United States, and by the Federal Reserve Banks as depositaries and fiscal agents of the United States pursuant to authorization of the Secretary of the Treasury. With respect to matters not covered by that agreement, the terms and conditions of Regulation J applicable to cash items, of this operating circular, and of our time schedules shall be applicable to all such postal money orders.

2. We will give immediate credit for postal money orders received from a sender maintaining or using an account with us as provided in our time schedules. Simultaneously with such credit, we will debit the amount of such money orders against the general account of the Treasurer of the United States under such symbol numbers as may be assigned by the Treasurer of the United States; and such credit to the account of the sender shall then become final as between us and the sender.

3. The agreement between the Postmaster General and the Federal Reserve Banks provides, in effect, that no claim for refund or otherwise with respect to any postal money order debited against the general account of the Treasurer of the United States and delivered to the representative of the Post Office Department as provided in said agreement (other than a claim based upon the negligence of a Federal Reserve Bank) shall be made against or through any Federal Reserve Bank; that, if the Post Office Department makes any such claim with respect to any such money order, such money order will not be returned or sent to a Federal Reserve Bank, but the Post Office Department will deal directly with the bank or the party against which such claim is made; and that the Federal Reserve Banks will assist the Post Office Department in asserting such claim, including making their records and any relevant evidence in their possession available to the Post Office Department. Section 210.12 of Regulation J, relating to the return of cash items by the paying banks, is not applicable to postal money orders.

## APPENDIX C

### FOOD STAMP COUPONS

1. Food stamp coupons will be handled by us as cash items in accordance with an agreement made by the Secretary of Agriculture, in behalf of the United States, and by the Federal Reserve Banks as depositaries and fiscal agents of the United States pursuant to authorization of the Secretary of the Treasury. With respect to matters not covered by such agreement, the terms and conditions of Regulation J applicable to cash items, of this operating circular, and of our time schedules shall be applicable to such coupons. We will receive food stamp coupons only from member banks, nonmember clearing banks which maintain accounts with us, and nonmember banks which have arranged with us to send coupons to us for collection for credit to the account of a member bank on our books. All such banks sending coupons to us should follow the instructions set forth in an outline of procedures for commercial banks in handling such coupons under the current Food Stamp Program, prepared by the United States Department of Agriculture.

2. We will accept food stamp coupons received by us in accordance with the following terms and conditions:

(a) Redeemed food stamp coupons should be forwarded to the office of this Bank maintaining the reserve account or nonmember clearing account to which the proceeds of the coupons are to be credited. We will give immediate credit for deposits of redeemed food stamp coupons as provided in our time schedules. Such credit will not be final and will be subject to reclamation and adjustment.

(b) Food stamp coupons should be separately sorted by denominations and should be deposited in a separate cash letter. The sending bank's transmittal letter should be clearly stamped or marked "FOOD STAMP COUPONS." The transmittal letter should show the total number of, and the total amount of, each denomination of coupons enclosed. Food stamp coupons should be forwarded to us by the means ordinarily used by the sender for checks and other cash items; such shipments will be at the risk of the Department of Agriculture. Sending banks should retain customers' deposit slips and any other pertinent records which would assist in substantiating reimbursement claims against the Department of Agriculture for coupons lost in transit.

(c) In accordance with the regulations of the United States Department of Agriculture (7 Code of Federal Regulations, Chapter 16), a portion of a food stamp coupon consisting of less than three fifths of a whole coupon shall not be accepted for redemption. Any coupon accepted for redemption shall show on its back either (i) the FOOD STAMP AUTHORIZATION NUMBER or (ii) the name of the authorized retail food store and, if involved, the authorized wholesale food concern. Each coupon shall also be cancelled by the first bank which receives it by indelibly marking "PAID" or "CANCELLED," together with the name of the bank or its A.B.A. transit number, on the face of the

coupon by means of an appropriate stamp. No coupon should be endorsed by any bank.

(d) Additional information concerning the collection of food stamp coupons will be furnished by us upon request.

3. Nonmember banks which do not maintain accounts with this Bank and which have not arranged with us to deposit food stamp coupons for collection for credit to an account of a member bank on our books should forward redeemed food stamp coupons through ordinary collection channels.



**FEDERAL RESERVE BANK  
OF NEW YORK**

**Operating Circular No. 5  
[ Revised effective September 2, 1969 ]**

**TIME SCHEDULES**

**Availability of Credit for Cash Items**

*To the Member Banks and Nonmember Clearing Banks  
of the Second Federal Reserve District:*

1. Subject to the terms and conditions of Regulation J of the Board of Governors of the Federal Reserve System, our Operating Circular No. 4, relating to the collection of cash items, our Operating Circular No. 7, relating to Saturday closing of our offices and the offices of other Federal Reserve Banks and Branches, and of this circular including its appendices, we will give credit on our books to member and nonmember clearing banks at the times indicated in this circular including its appendices for cash items (a) received and accepted at our Head Office or our Buffalo Branch, and (b) payable in other Federal Reserve Districts or in the territory of the other office of this Bank and sent, with our permission, direct to the other Federal Reserve Banks or to the other office of this Bank for our account. Appendix No. 1 to this circular sets forth our Head Office time schedule, and Appendix No. 2, our Buffalo Branch time schedule.

2. Cash items sent to us by member and nonmember clearing banks in the territory assigned to our Head Office in New York City (i.e., all of the Second Federal Reserve District except the following counties in the State of New York, which are in the territory assigned to our Buffalo Branch: Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Livingston, Monroe, Niagara, Ontario, Orleans, Steuben, Wayne, Wyoming, and Yates) should be sent to our Head Office, except that such banks may, with our prior agreement, send cash items payable in the Second Federal Reserve District, other than those with routing symbols 0000, 0210, 0260, 0270, and 0280, to our Buffalo Branch. Cash items sent to us by member and nonmember clearing banks in the territory assigned to our Buffalo Branch (i.e., the aforementioned counties in New York State) should be sent to our Buffalo Branch, except that such banks may, with our prior agreement, send cash items payable in the Second Federal Reserve District, other than those with routing symbols 0000 and 0220, to our Head Office in New York City.

### **Credit for cash items**

3. Credit for cash items sent to our Head Office or Buffalo Branch is subject to applicable closing times and to sorting requirements as shown herein and in the appendices hereto. Credit for items received by us after the applicable closing times will be computed from our following business day. When items for which there are different closing times are not sorted and listed in accordance with the requirements, credit for all such items may be deferred for the longest time for which credit may be deferred for any of such items as provided herein and in the appendices hereto.

### ***Direct sending to other Federal Reserve Banks and to the other office of this Bank***

4. Member and nonmember clearing banks that have received our permission to send cash items payable in other Federal Reserve Districts or in the territory of the other office of this Bank direct to other Federal Reserve Banks or to the other office of this Bank for account of the office of this Bank at which the sender's account is maintained or that are required by us, because of volume, to send such items direct to those Federal Reserve offices will be given credit for items so sent as specified below:

(a) Items payable in Federal Reserve Bank or Branch cities—

Based on the time (not in excess of two business days) normally required for the collection thereof as indicated in separate availability schedules furnished to the respective direct-sending banks;

(b) Items payable in localities outside of Federal Reserve Bank or Branch cities—

Two business days from the dispatch thereof;  
provided, however, that this Bank may, by giving notice to such effect to any member or nonmember clearing bank, prescribe how, and the time or times before which, all items or certain items must be dispatched by such bank in order to obtain such credit.

### **Time of presentment**

5. We do not by this circular, or otherwise, agree to present any item, or to cause any item to be presented, earlier than such item is required to be presented, in the exercise of ordinary care, under the provisions of the Uniform Commercial Code of New York.

### **Special sorting requirements**

6. (a) Any member or nonmember clearing bank that has for collection a daily average of not more than 300 immediate-credit and deferred-credit items payable outside of the city or town in which such bank is located may, upon application, be permitted to send its cash items to us unsorted with one cash letter. Credit for items so sent, when received by us prior to the applicable closing time, will be given one business day after receipt.

(b) Any member or nonmember clearing bank that has for collection a daily average of not more than 2,000 immediate-credit and deferred-credit items payable outside of the city or town in which such bank is located may, upon application, be permitted to send its cash items to us unsorted with one cash letter, provided the dollar amount is encoded on each item in accordance with The American Bankers Association Magnetic Ink Character Recognition Program (MICR amount-encoded). Credit for items so sent, when received by us in time for presentment on the day of receipt of the immediate-credit items included therein, will be given one business day after receipt.

7. Any member or nonmember clearing bank that sends to us cash items payable at banks located in the same city or town as the sending bank or one of its offices must sort, list, and package such items according to drawee banks.

8. Except as provided in paragraphs 4, 6, 7, and 11, member banks and nonmember clearing banks may send cash items to us only in accordance with the sorting requirements shown in the appendices hereto.

### **Effect of holidays upon availability**

9. No Saturday, Sunday, or other holiday for this Bank will constitute a business day in determining when our Head Office or Buffalo Branch will give credit for any cash item being collected by us or for our account.

10. When the day on which credit would otherwise be given pursuant to our time schedules is a Saturday, a Sunday, or any other holiday for this Bank, credit will be given on our following business day.

### **Credit for transfer drafts**

11. Credit will be given for transfer drafts drawn by member banks or nonmember clearing banks on their commercial bank correspondents based on actual transit time, whether received at our Head Office or our Buffalo Branch or sent for our account direct to the Federal Reserve Bank or Branch in the District where such draft is payable. Such drafts should be sent with separate cash letters; when such drafts are sent direct to other Federal Reserve Banks or Branches, separate advices (marked "Transfer Drafts") of such direct sendings should be sent to the office of this Bank with which the sending bank maintains its account.

### **Revision of this circular**

12. We reserve the right at any time, with or without notice, to revoke, modify, amend, or add to this circular, including either of its appendices, or any provision thereof, effective as to all member banks and nonmember clearing banks or any of them.

### **Effect of this circular on previous circulars**

13. This circular supersedes our Operating Circular No. 5, Revised effective February 20, 1967.

ALFRED HAYES,  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ **Appendix No. 1 to  
Operating Circular No. 5  
Revised effective September 2, 1969** ]

**NEW YORK HEAD OFFICE TIME SCHEDULE**

*To the Member Banks and Nonmember Clearing Banks  
of the Second Federal Reserve District:*

1. Credit for cash items received and accepted at our Head Office will be given, subject to applicable closing times and to sorting and other requirements, as shown below.

**Immediate credit**

2. Immediate credit will be given for the following items received on Mondays through Fridays that are not public holidays:

<i>Items</i>	<i>Closing times</i>
Items on banks in New York City and Northern New Jersey with routing symbols 0210, 0260, 0270, 0280*; checks on the Treasurer of the United States and postal money orders (routing symbol 0000), if not deposited with a separate cash letter and total for each class	If MICR amount-encoded 6:00 a.m. If not MICR amount-encoded 4:00 a.m. (Or later, whether or not MICR amount-encoded, if the items are cleared on the day of receipt)
Checks on the Treasurer of the United States and postal money orders	If deposited with a separate cash letter and total for each class 1:30 p.m.
Redeemed U. S. Department of Agriculture food stamp coupons	Must be deposited with a separate cash letter and total 1:30 p.m.
Checks on the Treasurer of the United States in amounts of \$5,000 and over	If deposited with a separate cash letter and total for each class 3:30 p.m.
Checks on Federal Reserve Bank of New York (including Buffalo Branch)	
Officers' checks of other Federal Reserve Banks	

\* Banks that are participants in the Long Island Check Clearing Bureau should clear 0280 items, as well as 0214 items, through that Bureau.

## Deferred credit

3. Deferred credit for all items, other than those specified in paragraph 2 and transfer drafts (see paragraph 11 of Operating Circular No. 5), that are received on Mondays through Fridays (not public holidays) and, with respect to certain items, that are received on Saturdays (not otherwise public holidays) will be given as indicated below:

(a) Unsorted items from certain sending banks and items payable in the Second Federal Reserve District—

### ONE BUSINESS DAY AFTER RECEIPT

<i>Unsorted items</i>	<i>Closing times</i>
Mixed cash letters from banks with daily averages of not more than 300 items as specified in paragraph 6(a) of Operating Circular No. 5	Mondays through Fridays 1:30 p.m.
Mixed cash letters from banks with daily averages of not more than 2,000 MICR amount-encoded items as specified in paragraph 6(b) of Operating Circular No. 5	Mondays through Fridays 6:00 a.m. (Or later if the immediate-credit items are cleared on the day of receipt)

### TWO BUSINESS DAYS AFTER RECEIPT

<i>Items payable in Second Federal Reserve District</i>	<i>Closing times</i>
Items on banks with routing symbols 0211 through 0217, and 0223	Mondays through Fridays If MICR amount-encoded 1:30 p.m. If not MICR amount-encoded 12:30 p.m.
Items fully MICR qualified in both the transit number and amount fields and sorted by depositing banks by means of computer equipment into a separate cash letter for each group of banks listed in separately furnished schedules	Mondays through Fridays 9:30 p.m. Saturdays 11:00 a.m.

(b) Items payable in the following Federal Reserve Bank or Branch cities\*—

**ONE CALENDAR DAY AFTER RECEIPT**

Atlanta	Dallas	New Orleans
Baltimore	Detroit	Philadelphia
Boston	Houston	Pittsburgh
Buffalo	Kansas City, Kan.	Richmond
Charlotte	Kansas City, Mo.	St. Louis
Chicago	Louisville	St. Paul, Minn.
Cincinnati	Minneapolis	San Francisco
Cleveland	Nashville	Seattle

**TWO CALENDAR DAYS AFTER RECEIPT**

Birmingham	Jacksonville	Omaha
Denver	Little Rock	Portland
El Paso	Memphis	Salt Lake City
Helena	Oklahoma City	San Antonio

**TWO BUSINESS DAYS AFTER RECEIPT**

Los Angeles

(c) Items payable at banks on the Par List in other Federal Reserve Districts, outside Federal Reserve Bank or Branch cities—

**TWO BUSINESS DAYS AFTER RECEIPT**

The closing times for the items listed in subparagraphs (b) and (c) above are as follows:

**Mondays through Fridays**

If MICR amount-encoded	1:30 p.m.
If not MICR amount-encoded	12:30 p.m.

**Saturdays**

If MICR amount-encoded	11:00 a.m.
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**Sorting requirements**

4. Except as provided in paragraphs 4, 6, 7, and 11 of Operating Circular No. 5, the general sorting requirements set forth below will apply.

\* For purposes of this circular, the term "Federal Reserve Bank or Branch cities" includes Kansas City, Kan., and St. Paul, Minn.

### ***Immediate-credit items***

5. All immediate-credit items may be deposited in a single sort, including checks on the Treasurer of the United States and postal money orders (routing symbols 0000, 0210, 0260, 0270, and 0280). However, if such items are not MICR amount-encoded we may require, where volume warrants, a separate sort of checks on the Treasurer of the United States and postal money orders, or of each.

### ***Deferred-credit items***

6. All deferred-credit items, including items payable in other Federal Reserve Districts (all routing symbols other than those indicated in paragraph 5 above), may be deposited in a single sort. However, we may require, where volume warrants, that such items payable in other Federal Reserve Districts or in the territory served by our Buffalo Branch be sent direct and that such items that are not MICR amount-encoded be sorted into the following two classes:

(a) Those payable in the Second Federal Reserve District with routing symbols 0211 through 0217, and 0223, and

(b) Those payable in other Federal Reserve Districts, and in the City of Buffalo with routing symbol 0220, where the volume is not sufficient to require direct sending.

### **Effect of this appendix upon previous appendix**

7. This appendix supersedes Appendix No. 1, dated February 20, 1967, and the First Supplement thereto, dated February 25, 1969.

**ALFRED HAYES,**  
*President.*



**FEDERAL RESERVE BANK  
OF NEW YORK**

[ **Appendix No. 2 to  
Operating Circular No. 5**  
**Revised effective September 2, 1969** ]

**BUFFALO BRANCH TIME SCHEDULE**

*To the Member Banks and Nonmember Clearing Banks  
of the Second Federal Reserve District:*

1. Credit for cash items received and accepted at our Buffalo Branch will be given, subject to applicable closing times and to sorting and other requirements, as shown below.

**Immediate credit**

2. Immediate credit will be given for the following items received on Mondays through Fridays that are not public holidays:

<i>Items</i>	<i>Closing times</i>
Items on banks in Buffalo (routing symbol 0220); checks on the Treasurer of the United States and postal money orders (routing symbol 0000), if not deposited with a separate cash letter and total for each class	If MICR amount-encoded 8:00 a.m. If not MICR amount-encoded 6:00 a.m. (Or later, whether or not MICR amount-encoded, if the items are cleared on the day of receipt)
Checks on the Treasurer of the United States and postal money orders	If deposited with a separate cash letter and total for each class 2:30 p.m.
Redeemed U. S. Department of Agriculture food stamp coupons	Must be deposited with a separate cash letter and total 2:30 p.m.
Checks on the Treasurer of the United States in amounts of \$5,000 and over	If deposited with a separate cash letter and total for each class 3:30 p.m.
Checks on Federal Reserve Bank of New York (including Buffalo Branch)	
Officers' checks of other Federal Reserve Banks	

**Deferred credit**

3. Deferred credit for all items, other than those specified in paragraph 2 and transfer drafts (see paragraph 11 of Operating Circular

No. 5), that are received on Mondays through Fridays (not public holidays) will be given as indicated below:

(a) Unsorted items from certain sending banks and items payable in the Second Federal Reserve District—

#### ONE BUSINESS DAY AFTER RECEIPT

<i>Unsorted items</i>	<i>Closing times</i>
Mixed cash letters from banks with daily averages of not more than 300 items as specified in paragraph 6(a) of Operating Circular No. 5	2:00 p.m.
Mixed cash letters from banks with daily averages of not more than 2,000 MICR amount-encoded items as specified in paragraph 6(b) of Operating Circular No. 5	8:00 a.m. (Or later if the immediate-credit items are cleared on the day of receipt)

#### TWO BUSINESS DAYS AFTER RECEIPT

<i>Items payable in Second Federal Reserve District</i>	<i>Closing times</i>
Items on banks with routing symbols 0211 through 0217, and 0223	If MICR amount-encoded 2:00 p.m. If not MICR amount-encoded 1:00 p.m.
Items of \$500 and over on above banks, if MICR amount-encoded and deposited in a separate cash letter	3:00 p.m.

(b) Items payable in the following Federal Reserve Bank or Branch cities\*—

#### ONE CALENDAR DAY AFTER RECEIPT

Atlanta	Jacksonville	Philadelphia
Baltimore	Kansas City, Kan.	Pittsburgh
Birmingham	Kansas City, Mo.	Portland, Ore.
Boston	Little Rock	Richmond
Charlotte	Louisville	St. Louis
Chicago	Memphis	St. Paul, Minn.
Cincinnati	Minneapolis	Salt Lake City
Cleveland	Nashville	San Antonio
Dallas	New Orleans	San Francisco
Denver	New York City	Seattle
Detroit	Oklahoma City	
Houston	Omaha	

\* For purposes of this circular, the term "Federal Reserve Bank or Branch cities" includes Kansas City, Kan., and St. Paul, Minn.

**TWO CALENDAR DAYS AFTER RECEIPT**  
El PasoHelena

**TWO BUSINESS DAYS AFTER RECEIPT**  
Los Angeles

(c) Items payable at banks on the Par List in other Federal Reserve Districts, outside Federal Reserve Bank or Branch cities—

**TWO BUSINESS DAYS AFTER RECEIPT**

The closing times for the items listed in subparagraphs (b) and (c) above are as follows:

Mondays through Fridays	
If MICR amount-encoded	12:30 p.m.
If not MICR amount-encoded	11:30 a.m.

**Sorting requirements**

4. Except as provided in paragraphs 4, 6, 7, and 11 of Operating Circular No. 5, the general sorting requirements set forth below will apply.

***Immediate-credit items***

5. All immediate-credit items may be deposited in a single sort, including checks on the Treasurer of the United States and postal money orders (routing symbols 0000 and 0220). However, if such items are not MICR amount-encoded we may require, where volume warrants, a separate sort of checks on the Treasurer of the United States and postal money orders, or of each.

***Deferred-credit items***

6. All deferred-credit items, including items payable in other Federal Reserve Districts (all routing symbols other than those indicated in paragraph 5 above), may be deposited in a single sort, provided they are deposited prior to the closing hours applicable to items specified in paragraphs 3(b) and 3(c) above. However, we may require, where volume warrants, that such items payable in other Federal Reserve Districts or in the territory served by our Head Office be sent direct and that such items that are not MICR amount-encoded be sorted into the following two classes:

(a) Those payable in the Second Federal Reserve District with routing symbols 0211 through 0217, and 0223, and

(b) Those payable in other Federal Reserve Districts, and in New York City and Northern New Jersey with routing symbols 0210, 0260, 0270, and 0280, where the volume is not sufficient to require direct sending.

**Effect of this appendix on previous appendix**

7. This appendix supersedes Appendix No. 2, dated February 20, 1967.

**ALFRED HAYES,**  
*President.*