MISCL. 14. 20M-10125

FEDERAL RESERVE BANK
OF DALLAS

April 7, 1915.

NUMBER 15.

TO THE MEMBER BANK ADDRESSED:

The Federal Reserve Bank of Dallas, in accordance with the terms of the Federal Reserve Act and the rulings of the Federal Reserve Board, is prepared to inaugurate, for the benefit of its members, a system of intra-district collection, that is, a system of collection of checks and drafts received from and drawn on member banks in District No. 11. Membership in the system will be voluntary and items will be received only from and upon those banks which join it. Such items will be immediately credited and debited to the accounts of the sending and paying banks respectively, subject to final payment.

For the present the system will not embrace inter-district collection of checks and drafts drawn on or endorsed by banks outside of District No. 11, except that we will receive for immediate credit drafts drawn on member banks in the cities of New York, Chicago and St. Louis. Such broader service can only be developed for the member banks of the various districts after experience shall have been gained in operating the intra-district service now offered.

This system is not intended to supersede the exchange of checks through local clearing houses or otherwise, where-ever the collection of checks is being made more quickly or economically by direct interchange between the banks of the section than would be possible under the proposed plan, as for example, between nearby cities. Such relations, for the present at least, may continue.

The collection system outlined herein is offered by the Federal Reserve Bank of Dallas as the first step in the improvement of present methods of collecting checks within its district. It is the result of much consideration on the part of the directors and officers of this bank, of many conferences of the governors of the various Federal Reserve Banks. This plan has been authorized by the Federal Reserve Board, and it is understood that substantially similar systems of itrra-district collections will be introduced by other Federal Reserve Banks. This system will be subject to such modifications or extensions as experience may show from time to time to be necessary or advisable.

The directors of each member bank which joins the collection system will be required to adopt and file with the Federal Reserve Bank of Dallas, a resolution agreeing to the rules and requirements of the system. Two copies of the resolutions and rules and requirements are enclosed herewith, one of which is to be executed and returned to this bank when the resolution has been

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adopted by your board of directors, the other to be retained in your own files. Action thereon by your board is requested before May 15, 1915.

A further circular will be issued containing a list of the banks which have joined the collection system, announcing the date upon which it will begin operations and giving such further information as may be necessary.

Very respectfully yours,

R. L. Van Fleet

Governor