

FEDERAL RESERVE BANK
OF DALLAS

Dallas, Texas, February 19, 1948

**To the Member Banks of the
Eleventh Federal Reserve District:**

The Bank Management Commission of the American Bankers Association has advised the Federal Reserve banks that a recent survey of the opinions of all banks throughout the country revealed that a large majority is in favor of amending the uniform instructions regarding Protest and Wire Advice of Nonpayment of Cash Items.

Accordingly, all Federal Reserve banks will revise their uniform instructions regarding Protest and Wire Advice of Nonpayment, effective March 1, 1948, to read as follows:

“Federal Reserve banks will receive, handle and forward cash items subject to the following uniform instructions regarding protest and advice of nonpayment except that United States Government checks will not be protested:

- (1) **Do not protest** items of \$500 or less.
- (2) **Protest** dishonored items of \$500.01 or over, except those bearing on their face the A.B.A. no protest symbol of a Federal Reserve bank or of a preceding bank endorser.
- (3) **Do not wire advice** of nonpayment of items of less than \$1,000.
- (4) **Wire advice** of nonpayment of all items of \$1,000 or over, except those not paid because of missing, irregular or unsatisfactory endorsement and those bearing on their face ‘**Do not wire nonpayment**’ with the A.B.A. transit number of a Federal Reserve bank or of a preceding bank endorser.”

The instructions on the cash letters with which cash items are forwarded to your bank will be amended accordingly.

It should be borne in mind that these instructions do not become effective until March 1, 1948, and until that date the present instructions will continue in effect.

We are enclosing revised pages 5, 6, 7 and 8 of Bulletin No. 8, Transit Operations—Collection of Cash Items, and pages 5 and 6 of Bulletin No. 9, Collection of Noncash Items. Page 8 of Bulletin No. 8 contains new material with respect to the reimbursement and absorption of transportation charges by this bank on direct sendings by member banks and the use of air transportation in forwarding checks for collection. The revised pages should be inserted in the ring binder containing the current bulletins of this bank and the regulations of the Board of Governors of the Federal Reserve System, in lieu of the corresponding pages dated June 1, 1946 and February 1, 1940, respectively.

There is also enclosed, for insertion in the ring binder after page 9 of Bulletin No. 8, a revised list of certain banks located in outlying sections of the head office and branch cities or in cities contiguous thereto on which items are collected by mail and are subject to deferred credit.

Please sign and return the enclosed card as an acknowledgment of the enclosures.

Yours very truly,

R. R. GILBERT

President

PREPARATION OF CASH LETTERS BY SENDING BANKS

All mail forwarded to the head office at Dallas should be addressed "Federal Reserve Bank, Station K, Dallas 13, Texas."

In order to obtain prompt credit, member and nonmember clearing banks should assort items and list them in separate letters in accordance with our time schedules.

All cash items, whether subject to immediate or deferred credit, may be forwarded to us, or may be forwarded by direct sending banks to other Federal Reserve banks, without description, provided that in the case of items subject to deferred credit the sending bank by forwarding such items undescribed agrees to retain a record of the items in the form desired by it and to furnish description of such items upon request.

Each bank sending cash items of deferred availability to a Federal Reserve bank will be understood to have agreed to indemnify the Reserve bank to which such items are sent, and in the case of items sent direct to a Reserve bank of another district also to have agreed to indemnify the Reserve bank of the district in which the sending bank is located, against loss or expense resulting from delay in advising nonpayment of any such item where such delay is due, in whole or in part, to the lack of description, or to the erroneous, incomplete, or defective description of such item by the sending bank.

ENDORSEMENTS

All cash items sent to us, or to another Federal Reserve bank direct for our account, should be endorsed without restriction to the order of the Federal Reserve bank to which sent, or to the order of any bank, banker or trust company, or with some similar endorsement. Cash items will be accepted by us, and by other Federal Reserve banks, only upon the understanding and condition that all prior endorsements are guaranteed by the sending bank. There should be incorporated in the endorsement of the sending bank the phrase "All prior endorsements guaranteed." The act of sending or delivering a cash item to us or to another Federal Reserve bank will, however, be deemed and understood to constitute a guaranty of all prior endorsements on such items, whether or not an express guaranty is incorporated in the sending bank's endorsement. The endorsement of the sending bank should be dated and should show the American Bankers Association transit number of the sending bank in prominent type on both sides.

UNIFORM INSTRUCTIONS

Federal Reserve banks will receive, handle and forward cash items subject to the following uniform instructions regarding protest and advice of nonpayment except that United States Government checks will not be protested:

- * (1) DO NOT PROTEST items of \$500.00 or less.
- * (2) PROTEST dishonored items of \$500.01 or over, except those bearing on their face the A.B.A. no protest symbol of a Federal Reserve bank or of a preceding bank endorser.

*These provisions changed and became effective March 1, 1948.

June 1, 1946

- * (3) DO NOT WIRE ADVICE of nonpayment of items of less than \$1,000.
- * (4) WIRE ADVICE of nonpayment of all items of \$1,000 or over, except those not paid because of missing, irregular or unsatisfactory endorsement and those bearing on their face "DO NOT WIRE NONPAYMENT" with the A.B.A. transit number of a Federal Reserve bank or of a preceding bank endorser.

All Federal Reserve banks will receive, handle and forward cash items only in accordance with these uniform instructions, and any contrary or special instructions noted on cash letters or otherwise transmitted with cash items will be disregarded.

If a bank should desire to have any cash item 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 bank 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 bulletin relating to the collection of noncash items.

TELEGRAPHIC COSTS

Charges for all telegrams pertaining to payment, nonpayment or tracing of items, or in connection with receiving or transmitting any other information or instructions, will be made at commercial rates against the banks from which such items were received; telegrams to such banks will be sent "collect."

TIME SCHEDULES AND AVAILABILITY OF CREDITS

We publish and furnish to member and nonmember clearing banks time schedules showing when cash items will become available for reserve and withdrawal or other use by the sending banks after receipt by us at our head office or branches. For all items received as cash items the sending bank will be given immediate credit or deferred credit, in accordance with such time schedules and as provided in Regulation J. Credit for letters containing items unassorted 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, not to exceed three business days.

Time schedules do not in many instances show the actual time required for collection, and advices received 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

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 or clearing account upon the day of receipt, and the proceeds will at once be counted as reserve (in the case of a member bank) and become available for withdrawal or other use by the sending bank; 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.

*These provisions changed and became effective March 1, 1948.

DEFERRED CREDIT

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 nor become available for withdrawal or other use by the sending bank 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 or clearing account and will then be counted as reserve (in the case of a member bank) and become available for withdrawal or other use by the sending bank; 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 FOR PAYING AND COLLECTING BANKS

Member and nonmember clearing banks receiving items from us should remit therefor promptly upon receipt. Unpaid items should not be held for any reason whatever, except for immediate protest.

Unpaid items not subject to protest must be deducted from and returned with remittance for the cash letter in which received; except that such items on which payment is revoked under provisions of appropriate state law permitting revocation of conditional payment within a specified time after presentment may be returned unpaid within the time permitted by such law, and if returned within that time will be accepted as a deduction from the remittance for the next succeeding cash letter.

Unpaid items subject to protest must be deducted from the remittance for the cash letter in which received, except that such items on which payment is revoked under provisions of appropriate state law permitting revocation of conditional payment within a specified time after presentment may be deducted within such time from the remittance for the next succeeding cash letter. Such protested unpaid items should be returned, if possible, with the remittance for the cash letter in which listed, and in no event later than the following business day after such items have been dishonored. A memorandum should be made on the remittance stub describing any items held for protest.

Notation should be made on each item returned, or on a slip securely attached thereto, showing plainly the reason for nonpayment. **A complete description of all items returned should be retained by the remitting bank for the purpose of identification in the event such items are lost in transit.**

Telegraphic advice of nonpayment should include the following information: **Name and address or American Bankers Association transit number of bank endorsing the item to us, the amount of the item, the date of our cash letter, and the reason for nonpayment.**

Remittance must be made in cash, or in other immediately available funds acceptable to us.

June 1, 1946

**DIRECT SENDING OF CASH ITEMS TO OTHER FEDERAL
RESERVE BANKS**

Member and nonmember clearing banks having a substantial volume of cash items payable in other Federal Reserve districts which they wish to collect through the Federal Reserve banks, are urged to apply to us for permission to send such items direct to the Federal Reserve banks and branches of the districts in which such items are payable for collection and credit to us. Appropriate instructions will be sent to the banks to which such permission is granted.

Member banks having permission to send items direct will be reimbursed for postage (air mail as well as first class mail) or other transportation costs on all cash letters addressed to other Federal Reserve banks and branches (including Federal Reserve offices in the 11th district other than the one with which the direct routing bank carries its reserve account) or such costs will be absorbed for banks which, by reason of their location, can conveniently deposit their cash letters for consolidated shipment by the Federal Reserve Bank.

When in our judgment a member or nonmember clearing bank has a sufficient volume of cash items payable in other Federal Reserve districts to justify direct routing, we reserve the right to decline to accept such items for collection unless they are routed direct to the Federal Reserve banks and branches of such other Federal Reserve districts.

AIR TRANSPORTATION

In sending cash letters to other Federal Reserve banks and branches, this bank uses available air transportation facilities wherever such facilities offer a reasonable expectation of earlier presentment of cash items and in those cases where earlier delivery facilitates the work of the receiving Federal Reserve bank or branch.

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

Respectfully,

R. R. GILBERT,

President

**FEDERAL RESERVE BANK
OF DALLAS**

March 1, 1948

(Superseding letter
dated June 1, 1946)

The following par banks are located in outlying sections of the head office or branch city indicated or in contiguous cities. Items drawn on such banks are collected by mail and are therefore subject to deferred credit. Please do not list such checks in the same letter with city checks or other items of immediate availability.

Dallas Territory

<u>Name of Bank</u>	<u>Location</u>
Highland Park State Bank (Highland Park)	Dallas, Texas
Hillcrest State Bank (University Park)	Dallas, Texas

Houston Territory

Commercial State Bank	Houston, Texas
East End State Bank	Houston, Texas
First State Bank of Green's Bayou	Houston, Texas
Hampton Oaks State Bank	Houston, Texas
Harrisburg National Bank	Houston, Texas
Heights State Bank	Houston, Texas
North Side State Bank	Houston, Texas
Port City State Bank	Houston, Texas
The Industrial State Bank of Houston	Houston, Texas
University State Bank	Houston, Texas

San Antonio Territory

Broadway National Bank of Alamo Heights	Alamo Heights, Texas
Harlandale State Bank	San Antonio, Texas
Highland Park State Bank	San Antonio, Texas
Jefferson State Bank	San Antonio, Texas
National Bank of Fort Sam Houston	San Antonio, Texas
Union State Bank	South San Antonio, Texas

This list is subject to change without notice.

themselves and not supported by like instructions in the letter of transmittal will be ignored.

Maturing bonds and coupons (except obligations of the United States and of Governmental agencies which are redeemed by the Federal Reserve banks as fiscal agents) should be listed separately as to each class and maturity and only coupons of one class and maturity should be enclosed in the same envelope. Coupons or other securities should not be listed in a letter with checks, notes, bills, or other items. All securities or documents, other than maturing bonds and coupons, should have drafts attached drawn upon the payers for the exact amounts to be collected.

For their own protection and to insure safety, member and nonmember clearing banks should forward bonds, coupons and other valuable securities by insured, registered mail or by express. If desired, registered mail shipments may be insured under this bank's insurance policy at the expense of the sending bank, but in this event a separate advice stating the value of the shipment must be sent to us by open mail on the same day the shipment is made.

Each noncash collection letter covering valuable securities should contain instructions specifying the value for which the securities should be insured; otherwise, if forwarded by mail for collection, they will be insured at a value to be determined by this bank.

Government checks and warrants drawn on the Treasurer of the United States are paid by the Treasury Department only in accordance with the provisions of its circular No. 176, and since a definite advice of payment cannot be obtained they should be sent to this bank only as cash items and not as non-cash items for collection and credit when paid.

PROTEST PRACTICE IN ABSENCE OF INSTRUCTIONS

In the absence of specific instructions in the sending bank's collection letter, this bank will receive, handle, and forward noncash items subject to the following protest instructions:

- * (1) DO NOT PROTEST items of \$500.00 or less.
- * (2) PROTEST dishonored items of \$500.01 or over, except bonds, debentures, coupons, and other similar securities.

COLLECTION CHARGES

Except as provided below, the Federal Reserve banks make no charge for their services in collecting noncash items.

Any noncash item payable in a city where there is a Federal Reserve bank or branch, a collecting agent for which is not specifically designated, will be collected without charge except as provided in items (2) to (5) below. If a collecting agent for any such item is specifically designated, any charge made by such agent will be deducted and the net proceeds of the item credited.

With respect to the collection of noncash items payable outside of Federal Reserve bank and branch cities, it is recognized that any bank selected by a Federal Reserve bank as agent to collect any such item renders a service, in presenting, collecting and remitting, for which a reasonable charge may be made if it cares to do so, and when such a charge is made, it will be deducted and credit given for the net proceeds.

February 1, 1940

*These provisions changed and became effective March 1, 1948.

No charge may be made by a collecting bank in connection with the collection or payment of any check that may be handled as a noncash item.

Items sent to the Federal Reserve banks for collection are subject to the following charges:

- (1) Charges made by collecting banks or agents, referred to above;
- (2) Charges made in the discretion of the Federal Reserve banks for handling or collecting securities;
- (3) A service charge of 15c per item on all collection items returned unpaid and unprotested. This charge will not apply to items that are protested;
- (4) Expenses incurred for postage and insurance or express in forwarding items by registered mail or express;
- (5) All telephone and telegraph charges. (See paragraph below, "Telegraphic Advice".)

TELEGRAPHIC ADVICE

When instructed to do so by sending banks, this bank will request telegraphic advice of payment or nonpayment of noncash items and will transmit by telegraph any information received. Charges for all telegrams pertaining to payment, nonpayment or tracing of items, or in connection with receiving or transmitting any other information or instructions, will be made at commercial rates against the banks from which such items were received; telegrams to such banks will be sent "collect".

INTERPRETATION OF TERMS REQUESTING TELEGRAPHIC ADVICE

The terms listed below, when used in advices or communications in connection with noncash items, will be understood to have the meanings indicated, as follows:

- (a) "WIRE PAYMENT" when it is desired that the collecting agent furnish telegraphic advice that payment has been made by the drawee or payer. It will be understood that banks requesting "wire payment" wish to be advised when payment has been made to the collecting agent, rather than when the proceeds are credited to the reserve or nonmember clearing account with the Federal Reserve bank. When a Federal Reserve bank gives such advice of payment, it does not necessarily imply that actually and finally collected funds are in its possession.
- (b) "WIRE NONPAYMENT" when a telegraphic advice of dishonor only is desired.
- (c) "WIRE FATE" or "WIRE PAYMENT OR NONPAYMENT" when a prompt advice of payment or nonpayment by drawee or payer is desired.
- (d) "WIRE CREDIT" when a telegraphic advice of final payment and of credit to the reserve or nonmember clearing account of the sending bank is desired.

AVAILABILITY OF PROCEEDS OF NONCASH ITEMS

Credit for the proceeds of noncash items, with the usual advice, will be