

**FEDERAL RESERVE BANK**  
**OF DALLAS**

Dallas, Texas, December 6, 1963

**COLLECTION OF CASH ITEMS**  
**Amendment of Protest Instructions**

**To All Member and Nonmember Banks in the  
Eleventh Federal Reserve District:**

Effective February 3, 1964, this bank and the other Federal Reserve banks are amending the uniform instructions regarding protest contained in their operating circulars on collection of cash items. The instructions, as amended, will require the protest of a dishonored item of \$1,000 or over, only where the item appears on its face to be drawn outside the state in which it is payable or where the item bears a special legend calling for protest. The instructions, as so amended, are incorporated in the enclosed Amendment No. 2 to this bank's Bulletin No. 8. The American Bankers Association is recommending a similar amendment, to be effective on February 3, 1964, in the transit instructions of its member banks. As at present, items of less than \$1,000 are not to be protested under the instructions.

The uniform instructions regarding protest contained in the operating circulars on collection of cash items of the Federal Reserve banks and the transit instructions regarding protest recommended in 1959 by the Bank Management Commission of the A.B.A. to the members of the A.B.A. have heretofore generally required protest of all dishonored items of \$1,000 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.

However, not all dishonored items are required by statute to be protested, and the purpose of the amendment of the instructions above referred to is to reduce the number of protested items by eliminating the requirement for protest of items of \$1,000 or over not required to be protested under the original provisions of the UNIL. Such provisions in effect require that a dishonored bill of exchange (which includes a check) be protested only where the bill appears on its face to be drawn outside the state in which it is payable. As indicated above, under the new instructions, depositors of items of \$1,000 or over not otherwise protestable would be entitled to request that protest thereof be made in the event of dishonor, by placing on the face of the item, the legend "PROTEST REQUIRED."

It should be noted that the UNIL has been amended in a number of states in recent years to require, in effect, that only dishonored bills which appear on their face to be drawn or payable outside the United States, be protested. A similar rule prevails in those jurisdictions in which the Uniform Commercial Code is in effect. It is not deemed desirable at this time to adopt such a rule in the uniform instructions regarding protest since the necessity for protest in order to hold the drawer of a dishonored check liable on the instrument would probably be determined by the law of the state in which the check was drawn. Thus, protest may well be required on a dishonored check drawn in a state having the original provisions of the UNIL and payable in a state in which the UNIL, as amended, or the UCC is in effect. When substantially all states have either adopted the UCC or amended their Negotiable Instruments Law to bring it into conformity with the rule

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regarding protest prevailing in those states which have adopted the UCC, consideration will be given to further appropriate amendment of the uniform instructions regarding protest contained in the operating circulars on collection of cash items of the Federal Reserve banks.

**Member banks** are requested to file the enclosed amendment in the ring binder of regulations of the Board of Governors and bulletins of this bank. **Nonmember banks** are asked to file it in the red binder containing emergency bulletins of this bank.

It will be appreciated if you will sign and return to us promptly the attached postal card, acknowledging receipt of the amendment.

Yours very truly,

Watrous H. Irons

President

Enclosures (2)

**FEDERAL RESERVE BANK  
OF DALLAS**

**Amendment No. 2  
Effective February 3, 1964  
to  
Bulletin No. 8  
dated August 7, 1961**

**COLLECTION OF CASH ITEMS**

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

Effective February 3, 1964, subparagraphs (1) and (2) of paragraph 15 of this bank's Bulletin No. 8, dated August 7, 1961, are hereby amended to read as follows:

- (1) PROTEST dishonored items of \$1,000 and over:
  - (a) that appear on their face to be drawn outside of the state in which payable, except those bearing on their face the A.B.A. no-protest symbol of a Federal Reserve bank or of a preceding bank endorser, or
  - (b) that bear on their face the legend, "PROTEST REQUIRED," of a Federal Reserve bank or of a preceding bank endorser.
- (2) DO NOT PROTEST items of less than \$1,000, or items of \$1,000 and over except those protestable under subparagraph (1).

Yours very truly,

Watrous H. Irons

President

(December 6, 1963)