

FEDERAL RESERVE BANK
OF DALLAS

Dallas, Texas, May 14, 1965

Automatic Payment for Cash Letters

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

A plan has been developed which will permit the banks in this District to remit for our cash letters by automatic payment. The plan provides for automatic charge to the reserve account of the member bank receiving the cash letter. In the case of nonmember banks and member banks not wishing their own reserve account charged, the plan also permits the charge to the reserve account of a designated correspondent member bank in the Eleventh District. This plan is set out in the enclosed Bulletin No. 8C, dated May 14, 1965, entitled "Automatic Payment for Cash Letters."

The plan is designed to eliminate the cash letter remittance draft and to enable the remitting bank to record a cash letter payment on its books on the same day entries are made by the Reserve bank. The automatic charge procedure is available to all banks in the District except those located in the cities of Dallas, El Paso, Houston, and San Antonio, and those having their items processed by correspondent banks in these four cities. Banks that are presently operating under "Dimit" and similar remittance plans may convert to the automatic payment procedure. Use of this new automatic charge plan is on a voluntary basis with the decision entirely a matter of choice for the commercial bank.

As provided in the bulletin, all automatic charges to the reserve account in question will be for the full amount of each cash letter and all accounting for return items and adjustments relating to the cash letters will be handled by separate entry to the same reserve account. Copies of all charges and credits will be forwarded to the parties affected, and advices of automatic charge normally will be forwarded one day in advance of the date of charge.

Member banks are requested to file the enclosed Bulletin No. 8C 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.

In acknowledging receipt of the bulletin, please indicate on the enclosed postal card whether your bank is interested or not interested in the automatic payment plan.

Yours very truly,

Watrous H. Irons
President

Enclosures (5)

AUTOMATIC PAYMENT FOR CASH LETTERS

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

This bulletin sets out a plan for automatic payment of cash letters received from the Federal Reserve Bank of Dallas and its branches at El Paso, Houston, and San Antonio, and contains instructions to be followed by banks using such plan. Unless otherwise stated, all references herein to the Federal Reserve Bank of Dallas or "this bank" include the head office and all of its branches. "Remitting bank" is defined as the bank on which the items in a cash letter are drawn. This bulletin is not applicable in cases where special agreements have been entered into for the collection of checks, unless specifically made applicable.

AUTOMATIC CHARGE

1. Under the automatic payment plan, the amount of each cash letter is automatically charged to the remitting bank's reserve account or, in the case of nonmember banks and member banks not wishing their own reserve account charged, the reserve account of a designated correspondent member bank in the Eleventh District, hereinafter referred to as "correspondent bank."

2. The charge will be made on this bank's first business day following the remitting bank's first business day after the date of dispatch of the cash letter.

3. Each remitting bank using the automatic payment plan is required to furnish this bank and the correspondent bank, if any, a list of days on which it is closed. For the purpose of this plan, the remitting bank will be treated as open on any day (other than a Sunday) not so reported as a day of closing. Our Form TR-385 should be used for furnishing such list; however, notification of any change in days of closing may be made by letter.

4. All automatic charges will be for the full amount of the cash letter. Credits for return items and charges and credits for adjustments will be made by separate entry. An agreement by a remitting bank or, in appropriate cases, by a remitting bank and a correspondent bank to utilize the automatic payment plan shall authorize this bank to make all necessary entries to the reserve account in question.

ADVICE OF AUTOMATIC CHARGE

5. This bank will mail to the remitting bank and to the correspondent bank, if any, an advice of each automatic charge. Such advice will normally be received on the same day the charge is to be made. We will likewise forward to the bank or banks in question an advice of all other reserve account charges and credits arising under this plan. Should the amount of an advice of automatic charge disagree with the remitting bank's figures, the remitting bank should notify us immediately.

RIGHT TO COUNTERMAND

6. The remitting bank or, in appropriate cases, the correspondent bank shall have the right to countermand any automatic charge by notifying this bank on the day the remitting bank receives the related cash letter. For this purpose, the day of receipt shall be determined in accordance with Section 210.5(e) of Regulation J of the Board of Governors of the Federal Reserve System, set forth in the appendix to this bulletin. If a correspondent bank makes a countermand, it must notify the remitting bank of such countermand in time to allow the remitting bank to make other remittance.

REMITTANCE ON RECEIPT OF CASH LETTERS

7. Each remitting bank using the automatic payment plan agrees that the plan constitutes remittance for this bank's cash letters. Each such remittance shall be made in the following manner: If an automatic charge is not countermanded, it will be deemed that remittance acceptable to this bank has been made on the day the remitting bank receives the related cash letter, and this bank will charge the amount of the cash letter to the remitting bank's reserve account, or to the reserve account of the correspondent bank, on the day specified in paragraph 2 of this bulletin.

ACTION ON NONRECEIPT OF CASH LETTERS

8. If the remitting bank does not receive a cash letter at the usually expected time, it should notify this bank immediately. (See paragraph 9.) If this is done, we will not make an automatic charge for such cash letter. When the cash letter is thereafter received, the remitting bank may, on the day of receipt, request that we make an automatic charge on our next business day. If the remitting bank fails to furnish such notification of nonreceipt of any cash letter, we may require it to hold us harmless from any loss contributed to by such failure.

HOW TO NOTIFY THIS BANK

9. On days this bank is open, notification of matters relating to the automatic payment plan may be given by collect telephone call to the manager or an assistant manager of the Transit Department at the appropriate office, or to any of the officers of the Transit Department at such office. On Saturdays and holidays observed by this bank, notification should be given by a collect telegram. A collect telegram or a letter may also be used at any time none of the proper parties of this bank can be reached by telephone.

**RETURN OF UNPAID ITEMS AND REPORTS OF
DIFFERENCES IN CASH LETTERS**

10. The remitting bank should return for credit to its reserve account, or to the reserve account of the correspondent bank, unpaid items which are returned within the time allowed by paragraph (e) of Section 210.5 of Regulation J. The remitting bank should notify this bank immediately of differences in cash letters amounting to \$1,000 or more. Lesser differences may be reported by letter or memorandum advice. Return items and reports of differences in cash letters should be forwarded in the stamped, self-addressed envelopes provided by this bank.

INITIATION AND REVOCATION OF THE PLAN

11. To use the automatic payment plan, member banks wishing the charges made to their own reserve account should execute authorization Form TR-383. Nonmember banks, and member banks not wishing their own reserve account charged, should in conjunction with the designated correspondent bank, execute authorization Form TR-384.

12. On receipt of a properly executed Form TR-383 or TR-384, this bank will inform the remitting bank and the correspondent bank, if any, of the effective date of the plan. The plan will apply to our cash letter dispatched on the date specified and to all cash letters dispatched thereafter.

13. An agreement to use this plan may be revoked at any time by this bank, by the remitting bank, or by the correspondent bank, if any, on written notice to the other party or parties. Revocation by the remitting bank or correspondent bank will be effective immediately upon receipt of the notice by this bank or at the time stated in the notice, whichever is later. Revocation by this bank will be effective at the time stated in our notice. Revocation will not affect the right of this bank to make all reserve account entries required by this plan relating to any cash letter dispatched by us prior to the effective date of the revocation.

RIGHT TO AMEND

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

Yours very truly,

Watrous H. Irons

President

APPENDIX

The terms and conditions prescribed by paragraph (e) of Section 210.5 of Regulation J are as follows:

“(e) Any check which a Federal Reserve bank or an agent thereof presents to the drawee bank for payment or sends to the drawee bank for collection, and for which remittance or settlement is made by the drawee bank on the day on which it receives³ such check, may be returned for credit or refund at any time prior to midnight of the drawee’s next business day following such day of receipt or prior to the time provided by applicable clearing house rule or special collection agreement, whichever is earlier, except that this paragraph shall not apply to checks presented over the counter.

* * * * *

³A check received by a drawee bank on a day other than its business day, or received on a business day after its regular business hours or during afternoon or evening periods when it has reopened (or remained open) for limited functions, shall be deemed to have been received on its next succeeding business day.”

**AUTOMATIC CHARGE AUTHORIZATION
COLLECTION OF CASH ITEMS**

To: Federal Reserve Bank (or Branch)

_____, Texas

We agree to utilize the automatic payment plan to remit for all cash letters forwarded by you to us, under the terms and conditions set out in your current Bulletin No. 8C, and any amendments and changes thereto which may be made hereafter. Reserve account entries required under such plan will be to our reserve account.

We attach a copy of your Form TR-385, showing our days of closing. Should there be any change in this list, we agree to furnish you a notification by letter.

Name of Remitting Bank

Location

Date of Execution

By _____
Signature and Title of Officer

ACCEPTED By Federal Reserve Bank.

By _____
Signature and Title of Officer

Date of Acceptance: _____

Automatic payment plan will become effective as to our cash letters dispatched on _____ and all cash letters dispatched thereafter.

(NOTE: Prepare in duplicate and forward both copies to Federal Reserve Bank. After acceptance, one copy will be returned to remitting bank.)

**AUTOMATIC CHARGE AUTHORIZATION -AGREEMENT
COLLECTION OF CASH ITEMS**

To: Federal Reserve Bank (or Branch)

_____, Texas

The undersigned remitting bank and correspondent bank agree with the Federal Reserve Bank and each other as follows:

1. Remitting bank will utilize the automatic payment plan to remit for all cash letters forwarded to it by Federal Reserve Bank, under the terms and conditions set out in the current Bulletin No. 8C of the Federal Reserve Bank of Dallas, and any amendments and changes thereto which may be made hereafter.
2. Correspondent bank authorizes Federal Reserve Bank to make all entries to its reserve account necessitated by remitting bank's use of the automatic payment plan, under the terms and conditions set out in the current Bulletin No. 8C of the Federal Reserve Bank of Dallas, and any amendments and changes thereto which may be made hereafter.

We attach two copies of your Form TR-385, showing the remitting bank's days of closing; one copy is for the attention of the correspondent bank. Should there be any change in this list, remitting bank agrees to furnish you and the named correspondent bank a notification by letter.

Name of Correspondent Bank

Name of Remitting Bank

Location

Location

By _____
Signature and Title of Officer

By _____
Signature and Title of Officer

ACCEPTED By Federal Reserve Bank.

By _____
Signature and Title of Officer

Date of Acceptance: _____

Automatic payment plan will become effective as to our cash letter dispatched on _____ and all cash letters dispatched thereafter.

(NOTE: Prepare in triplicate. After execution by both remitting bank and correspondent bank, forward all copies to Federal Reserve Bank for acceptance. Upon acceptance, Federal Reserve Bank will return one copy each to remitting bank and correspondent bank.)

NOTICE OF DAYS OF CLOSING

To: Federal Reserve Bank (or Branch)

_____, Texas

Listed below are the days of each year and each week on which this bank is officially closed and transacts no business:

Annual Holidays

(List each holiday by name and the day on which it falls.)

Weekly Closing

(List day of week (Saturday or other day) on which closed. If not closed each such day throughout the year, so state. Days on which closed for only part of the normal business day should not be listed.)

Name of Remitting Bank

Location

Date of Execution

By _____
Signature and Title of Officer