

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 71-288

November 30, 1971

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

Enclosed are revised copies of Bulletin No. 8, "Collection of Cash Items" and Bulletin No. 10, (formerly Bulletin 8A), "Time Schedules and Other Information Concerning Cash Items". These bulletins have been revised to include this bank's policy of accepting from member banks unsorted immediate and deferred cash items, as outlined in our letter dated October 29, 1971. These revised bulletins became effective November 1, 1971.

The small size copy of these bulletins, No. 8 and No. 8A, effective September 1, 1967, should be removed from your binder and may be destroyed.

Yours very truly,

P. E. Coldwell

President

BULLETIN 8

Collection of Cash Items



FEDERAL RESERVE BANK OF DALLAS

SCOPE

This Bulletin describes the terms and conditions under which we will handle cash items for collection.

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Section 1, GENERAL

This bulletin is directed to the member banks of the Eleventh Federal Reserve District and others concerned.¹

1.00 Collection contract

Regulation J, this bulletin, and our time schedules prescribe the terms and conditions upon which we will handle cash items for collection.

1.05 Authority

This bulletin, our Bulletin 11, and our time schedules Bulletin 10 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.

Section 2, DEFINITIONS AND REFERENCES

2.00 Definitions, reference to Regulation J

All terms defined in Regulation J and used herein have the meanings stated in that regulation.

2.05 Reference to Bulletin 1

Several definitions, rules of construction, and other provisions applicable to this bulletin are found in our Bulletin 1, General Provisions, and are incorporated herein by reference.

Section 3, CASH ITEMS

3.00 Items which will be handled as cash items

Except as otherwise provided by this bulletin, 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 bulletin, 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.

¹Instructions pertaining to the handling of cash items by collecting and paying banks are contained in our Bulletin 11, entitled "Instructions to Collecting Banks and Paying Banks."

(b) Government checks, postal money orders, and food stamp coupons.²

(c) Such other demand items, collectible at par in funds acceptable to the Federal Reserve bank of the district³ in which such items are payable, as we may be willing to accept as cash items.

3.05 Items not received from sender

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.

3.10 Items which will not be handled as cash items

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 section 12 of this bulletin; *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 Section 12 of this bulletin, 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.

²Provisions governing the collection of the foregoing cash items are contained in Supplements A, B, and C, respectively, of this bulletin.

³For the purposes of this bulletin, the Virgin Islands and Puerto Rico shall be deemed to be in or of the Second Federal Reserve District and Guam and American Samoa shall be deemed to be in or of the Twelfth Federal Reserve District. See Regulation J, note 1.

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 bulletin relating to the collection of noncash items.

3.15 Handling of nonconforming items

In the event that an item which will not be handled as a cash item by virtue of 3.10 of Bulletin 8 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.

3.20 Discretion to return or handle as noncash items

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.

3.25 Items received from, payable by same bank

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 or a noncash item by us or by any other Federal Reserve bank.

Sections 4, TERMS AND CONDITIONS OF COLLECTION

4.00 Regulation J

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 bulletin, our Bulletin 11, and of 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.

4.05 Bulletins

Section 210.3 of Regulation J provides that the provisions of that regulation and of the operating bulletins 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 bulletins 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.

4.10 Items payable outside this district

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 bulletins 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.

4.15 Indirect routing discouraged

Under Section 4-204(1) of the Uniform Commercial Code, a collecting bank must send items by reasonable 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 interests of good banking, the indirect routing of cash items is discouraged, and member 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.

Section 5, CASH LETTERS

5.00 Preparation of cash letters by senders

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. 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.

5.05 Separate sorts, cash letters

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.

5.10 Endorsements

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.

5.15 Items received without endorsement

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.

Section 6, HANDLING BY THIS BANK

6.00 Presentment for payment

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

6.05 No agreement to present early

We do not by this bulletin, 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.

6.10 Uniform instructions regarding protest and advice of nonpayment

Except as provided in 6.15 of Bulletin 8, all Federal Reserve banks will receive, handle, and forward cash items subject to the following uniform instructions regarding protest and wire advice⁴ of nonpayment, except that Government checks will be not 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 State⁵, 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

⁴For the purposes of this bulletin, the term "wire" includes telephone, telegraph, and cable.

⁵The term "State" is defined in Section 210.2(n) 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.

(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).

6.15 Items with U.S. Treasury and similar endorsements

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 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.

6.20 Different instructions require noncash handling

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 bulletin relating to the collection of non-

cash items.

6.25 Protest, wire advice by other banks

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 bulletin or (b) given any wire advice of nonpayment required under the provisions hereof.

6.30 Communications by wire; costs and charges

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 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.

Section 7, AVAILABILITY OF CREDIT

7.00 Time schedules and availability of credit

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 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.

7.05 Availability not actual payment

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.

7.10 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 other appropriate account upon the day of receipt, and the proceeds will at once be counted as reserves 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.

7.15 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 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 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.

7.20 Mixed cash letters

Mixed cash letters will be accepted for one-day credit when presented in accordance with the following provisions:

(a) Any member bank that has for collection a daily average of not more than 300 immediate-credit and deferred-credit items excluding food coupons payable outside of the city or town in

which such bank is located may, upon application, be permitted to send such cash items to us unsorted with one cash letter: *Provided*, That the items sent to the Federal Reserve bank by such bank on any one day shall include all such items processed by it on that day. Credit for items so sent, when received by the applicable closing time, will be given one business day after receipt.

(b) Any member bank that has for collection a daily average of not more than 2,000 immediate-credit and deferred-credit items excluding food coupons payable outside of the city or town in which such bank is located may, upon application, be permitted to send such items to us unsorted with one cash letter: *Provided*, That the dollar amount is encoded on each item in accordance with the A.B.A. Magnetic Ink Character Recognition Program: *Provided further*, That the items sent to the Federal Reserve bank by such bank on any one day shall include all such items processed by it on that day. Credit for items so sent, when received by us in time for presentment on the day of receipt of all immediate-credit items included with such cash letter, will be given one business day after receipt.

Section 8, COLLECTING AND PAYING BANKS

Instructions pertaining to the handling of cash items by collecting banks and paying banks are set forth in our Bulletin 11.

Section 9, RETURN ITEMS

9.00 Information to senders regarding return items

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.

9.05 Returns without entry

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.

Section 10, DIRECT SENDING

10.00 Direct sending of cash items to other Federal Reserve banks

Member 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.

10.05 Right to refuse interdistrict items authorized for direct sending

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.

10.10 Direct sending of cash items to other offices of this bank

Member 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 any 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; provided, however, that we may, in our discretion, withdraw such authority at any time. Appropriate instructions will be transmitted to the member banks and other senders which are authorized to send direct.

10.15 Right to refuse intradistrict items authorized for direct sending

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 another 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.

10.20 Reimbursement of transportation costs for member banks

Each member bank which sends cash items direct to other Federal Reserve banks will be reimbursed by us for postage or other transportation costs, not including insurance, on all such items sent direct under our authority. Reimbursement also is allowable under similar conditions for cash items sent direct to other offices of this bank. In the interest of expeditious and economical handling, those direct-sending member banks that by arrangement deliver cash items payable in other Federal Reserve territories to this bank for consolidated shipment should not deviate from the arrangement except upon prior approval of this bank. Transportation costs of such consolidated shipments will be paid by us.

10.25 Claims for reimbursement

Claims for reimbursement of transportation costs of direct sendings should be filed with us by the tenth day of the month following the

month in which such costs were incurred, using Form TR-115, a supply of which will be furnished upon request.

10.30 Methods of shipment

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 office will result, or presentment can consistently be made more promptly, or at a lower cost and without loss of time.

Section 11, HIGH-SPEED PROCESSING

11.00 Standardization, sorting, routing, and mechanized processing

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 E-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 $3\frac{2}{3}$ 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.

11.05 Right to encode, assumption of risk by sender

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.

11.10 Designation of paying bank or nonbank payor

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 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.

11.15 Non-machinable items

Any cash item which cannot be processed on our M.I.C.R. high-speed check-processing equipment and which is received by this bank on Friday or, if that day be a nonbanking day, on Thursday, may be held over and processed on the following Monday, or, if that day be a nonbanking day, on the next succeeding banking day.

Section 12, PHOTOGRAPHIC COPIES

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 bulletin 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.

Supplement A GOVERNMENT CHECKS

A-1.00 Terms of handling

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 21 (31 CFR 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 bulletin, and of our time schedules shall be applicable to all such Government checks.

A-2.00 Immediate credit

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 Circular 21, the Treasurer has reserved the right to examine and to refuse payment of all Government checks handled by the Federal Reserve banks.

A-3.00 Returns

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 Circular 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.

A-4.00 Claims and actions

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.

Supplement B POSTAL MONEY ORDERS

B-1.00 Terms of handling

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 bulletin, and of our time schedules shall be applicable to all such postal money orders.

B-2.00 Immediate credit

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.

B-3.00 Claims, returns

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.

Supplement C FOOD STAMP COUPONS

C-1.00 General

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 depositories 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 bulletin, and of our time schedules shall be applicable to such coupons. We will receive food stamp coupons only from member banks 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.

C-2.00 Terms and conditions

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 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 CFR 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 col-

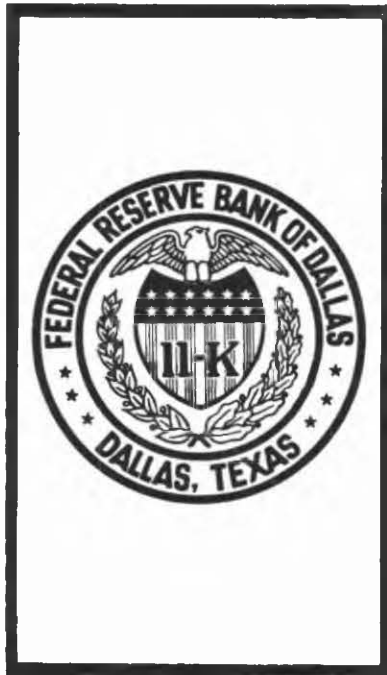
lection of food stamp coupons will be furnished by us upon request.

C-3.00 Nonmember banks

Nonmember banks 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.

BULLETIN 10

Time Schedules and Other Information Concerning Cash Items



FEDERAL RESERVE BANK OF DALLAS

SCOPE

This bulletin sets out certain rules under which credit for cash items sent by member banks to us for collection will be made available in the reserve accounts of the sending member banks. It also contains several rules with respect to the sorting and preparation of cash letters sent to this bank. Supplement A to this bulletin contains the current closing hours for various categories of cash items.

This bulletin, along with Regulation J and certain other bulletins of this bank, constitutes a portion of the contract under which cash items are handled for collection by this bank.

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Supplement A, CLOSING HOURS FOR CASH ITEMS

Section 1, DEFINITIONS

1.00 Available and availability

"Available" and "availability" refer to the granting of credit by this bank in the sender's reserve account for cash items forwarded to this bank for collection or handled by direct sending.

1.05 Day of dispatch

"Day of dispatch" means the day a direct sending member bank actually dispatches a direct sent cash item, or such other day as we direct under 2.05 of this bulletin.

1.10 Day of receipt

"Day of receipt" means the day a cash item sent to this bank for collection is received. For cash items received on our nonbanking days or after closing hours, the day of receipt is our next banking day. For cash items to which Saturday closing hours apply, which are received prior to such closing hours, Saturday is the day of receipt.

Reference: Supplement A to Bulletin 1 for the schedule of our banking and nonbanking days; Supplement A to this bulletin for cash items entitled to Saturday closing hours.

1.15 Direct sending

"Direct sending" refers to the sending of cash items direct to a Federal Reserve office other than that which normally serves the sender, as provided in section 10 of Bulletin 8.

1.20 Immediate and deferred credit items

"Immediate credit item" means a cash item entitled to availability on the day of receipt, as set out in 2.00 of this bulletin. "Deferred credit item" means any other cash item.

1.25 Transfer drafts

"Transfer draft" means a sender's own draft on its commercial bank correspondent.

1.30 Other references

Several definitions, rules of construction, and other provisions applicable to this bulletin are found in our Bulletin 1, General Provisions, and

are incorporated herein by reference. In addition, certain terms used in this bulletin are defined in Regulation J.

Section 2, IMMEDIATE AND DEFERRED AVAILABILITY

2.00 Immediate credit

Cash items entitled to availability on the day of receipt are shown under the heading "Immediate credit items" in Supplement A of this bulletin.

2.05 Deferred credit, availability computation

Availability for deferred credit items will be computed from the day of receipt or, in the case of direct sending, from the day of dispatch. In certain direct sending situations, we reserve the right to direct that availability will be computed from a day other than the day of dispatch, in which event such day will be treated as the day of dispatch.

2.10 Deferment of one banking day

Deferment of one banking day means that credit will be available on our first banking day following the day of receipt, or in the case of direct sending, following the day of dispatch. Such deferment is given for deferred credit items (most of which bear the immediate credit routing symbol) collectible through designated Federal Reserve offices, a current list of which will be furnished on request. Such deferment is also given under 3.05 and 3.10 of this bulletin.

2.15 Calendar day deferment

Calendar day deferment means that credit is available a certain number of calendar days following the day of receipt or, in the case of direct sending, following the day of dispatch. Deferment of one or two calendar days is given for deferred credit items collectible through certain Federal Reserve offices, a current list of which will be furnished on request.

2.20 Transfer drafts

Availability for transfer drafts will be based on actual collection time. The use of our wire transfer facilities instead of transfer drafts is sug-

gested as a means of expediting the transfer of bank balances without additional cost. See our Bulletin 6 on Transfer of Funds.

2.25 Deferment of two banking days

Deferment of two banking days means that credit will be available on our second banking day following the day of receipt, or in the case of direct sending, following the day of dispatch. Such deferment is available for all deferred credit items not covered by 2.10, 2.15 and 2.20, above.

2.30 Conflicting holiday schedules

It should be noted that deferment of availability is based on our banking days, or on calendar

days or actual collection time if applicable, notwithstanding the fact that payor banks or other Federal Reserve offices may observe a different schedule of banking and nonbanking days.

2.35 Availability on nonbanking day

If the day on which credit is to be available is not a banking day for us, as might happen in the case of calendar day deferment, credit will become available on our next banking day.

2.40 Availability table

The table below illustrates typical deferred availability; however, it does not take account of holidays observed by this bank.

Day of receipt or day of dispatch	If deferred 1 banking day	If deferred 2 banking days	If deferred 2 calendar days
Credit will become available on the following:			
Monday	Tuesday	Wednesday	Wednesday
Tuesday	Wednesday	Thursday	Thursday
Wednesday	Thursday	Friday	Friday
Thursday	Friday	Monday	Monday
Friday	Monday	Tuesday	Monday
Saturday	Monday	Tuesday	Monday

Section 3, CASH LETTERS

3.00 Sorting

Except as provided in 3.05 and 3.10 of this bulletin, senders should sort items in separate cash letters for the various deferment categories listed in Supplement A to this bulletin, and for various categories of availability deferment (immediate credit, deferment of one banking day, two banking days, two calendar days, etc.). For unsorted cash letters which are subject to the sorting requirements of this paragraph, availability may be deferred for the longest period applicable to any item in the cash letter.

3.05 Unsorted cash letters, 300 items daily average

Any member bank that has for collection a daily average of not more than 300 immediate credit and deferred credit items (excluding food coupons) payable outside the city or town in which such bank is located may, upon application, be permitted to send such cash items to us unsorted with one cash letter: *Provided*, That the items sent to the Federal Reserve bank by such bank on any one day shall include all such items processed by it on that day. Credit for items so sent, when received by the applicable closing time, will be given one business day after receipt.

3.10 Unsorted cash letters, 2,000 items daily average

Any member bank that has for collection a daily average of not more than 2,000 immediate credit and deferred credit items (excluding food coupons) payable outside of the city or town in which such bank is located may, upon application, be permitted to send such items to us unsorted with one cash letter: *Provided*, That the dollar amount is encoded on each item in accordance with the American Bankers Association Magnetic Ink Character Recognition Program: *Provided* further, That the items sent to the Federal Reserve bank by such bank on any one day shall include all such items processed by it on that day. Credit for items so sent, when received by us in time for presentment on the day of receipt of all immediate credit items included with such cash letter, will be given one business day after receipt.

3.15 Description

Cash items may be deposited with this and other Federal Reserve banks without description ex-

cept for listing by individual amounts; however, each sender should maintain adequate records to enable it to identify its depositors or other endorsers in the event any such items are lost, destroyed, or otherwise uncollectible and non-returnable.

3.20 Dating, identification and contents

Each cash letter and tape listing should be dated and identified with the name and A.B.A. number (if any) of the sender. It would be helpful if no more than 400 items are listed on each machine tape and no more than 6 such tapes are included in one cash letter.

3.25 Transfer drafts

Transfer drafts should be sent in separate cash letters clearly marked "transfer drafts." For direct sending of transfer drafts, the advice to this bank should likewise be separate and clearly marked "transfer drafts." (See 2.20 of this bulletin for an alternative to the use of transfer drafts.)

**Supplement A
CLOSING HOURS FOR CASH ITEMS**

IMMEDIATE CREDIT ITEMS

Banking days (Monday through Friday)**Closing hour**

Items drawn on local banks bearing the immediate credit routing symbol

9:00 a.m.

Fort Worth bank drafts on Continental National Bank, First National Bank, and Fort Worth National Bank

10:30 a.m.
(Dallas only)

Redeemed United States Department of Agriculture food stamp coupons

Drafts on Commodity Credit Corporation payable through this bank (acceptable for immediate credit only at office through which payable)

2:00 p.m.

Cashier's checks and expense checks of other Federal Reserve banks (only when deposited in separate cash letters) subject to final payment after receipt at the issuing Federal Reserve office

Postal money orders

2:00 p.m.
(El Paso)

Checks drawn on the Treasurer of the United States

2:30 p.m.
(other offices)

Cashier's checks and expense checks of this bank subject to final payment after receipt at our issuing office

2:30 p.m.

Drafts on this bank subject to inspection and verification of signatures after receipt at office on which drawn before payment is final

DEFERRED CREDIT ITEMS

Banking days (Monday through Friday)**Closing hour**

Regular items

12:00 Noon

Computer processed items

1:30 p.m.

Items \$500 and over MICR encoded as to routing symbol, transit number and amount

2:00 p.m.
(El Paso)
2:30 p.m.
(other offices)

Computer processed items specially prepared for direct introduction to high-speed check-handling equipment (contact our Dallas or Houston offices for specific details)

3:30 p.m.
(Dallas and
Houston only)

Computer processed fine sorted items with listing attached and received with punched cards (contact our Dallas office for specific details)

5:30 p.m.
(Dallas only)

Saturdays*

Regular items

Computer processed items

Closing hour

11:00 a.m.

12:00 Noon

UNSORTED CASH LETTERS**Banking days (Monday through Friday)**

Unsorted cash letters with amount-encoded items, with daily average of 2,000 items or less, as provided in 3.10 of Bulletin 10

Closing hour

9:00 a.m.

Unsorted cash letters with daily average of 300 items or less, as provided in 3.05 of Bulletin 10

12:00 Noon

*Except Saturdays which fall on the holidays listed in A-1.00 of Supplement A to Bulletin 1, and Saturdays as to which we have sent advance notification that no items will be processed.