

**FEDERAL RESERVE BANK OF DALLAS**  
**DALLAS, TEXAS 75222**

Circular No. 72-244  
October 27, 1972

To All Banks and Others Concerned  
in the Eleventh Federal Reserve District:

Enclosed is a revised copy of Bulletin 12 (formerly Bulletin 8D), "Automatic Payment for Cash Letters," which is effective November 9, 1972. This bulletin has been reprinted in the new format and amended to include the requirement that cash letter charges to reserve accounts will be made on the day of presentment of the cash letters.

The old, small-size copy of Bulletin 8D, effective September 1, 1967, should be removed from your binder and destroyed.

Yours very truly,

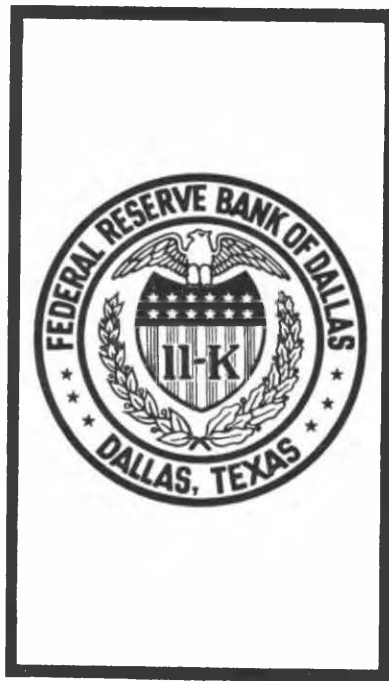
P. E. Coldwell

President

Enclosure

**BULLETIN 12**

# **Automatic Payment For Cash Letters**



**FEDERAL RESERVE BANK OF DALLAS**

## **SCOPE**

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.

## **TABLE OF CONTENTS**

### **Section 1, GENERAL**

- 1.00 Collection contract
- 1.05 Authority

### **Section 2, DEFINITIONS AND REFERENCES**

- 2.00 Definitions, references to Regulation J
- 2.05 Reference to Bulletin 1
- 2.10 Use of term "remitting bank"
- 2.15 Use of term "correspondent bank"

### **Section 3, AUTOMATIC PAYMENT FOR CASH LETTERS**

- 3.00 Automatic charge plan
- 3.05 Advice of automatic charge
- 3.10 Right to countermand

- 3.15 Action on nonreceipt of cash letters
- 3.20 Notifying this bank
- 3.25 Return items and reports of cash letter differences

### **Section 4, APPOINTMENT OF PROCESSING ORGANIZATION AS AGENT**

- 4.00 Appointment of processing organization as agent to make notifications and requests and to forward return items

### **Section 5, INITIATION AND REVOCATION OF THE AUTOMATIC CHARGE PLAN**

- 5.00 Initiation
- 5.05 Revocation

## Section 1, GENERAL

This bulletin is directed to the member and par remitting nonmember banks of the Eleventh Federal Reserve District and others concerned:

### 1.00 Collection contract

Regulation J, Bulletin 11, and this bulletin prescribe the terms, conditions, and instructions for automatic payment of cash letters.

### 1.05 Authority

This bulletin and our instructions to collecting and paying banks (Bulletin 11) are issued pursuant to the provisions of section 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, references 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 and rules of construction, and other provisions applicable to this bulletin are found in our Bulletin 1, General Provisions, and are incorporated herein by reference.

### 2.10 Use of term "remitting bank"

Use of term "remitting bank" means the bank on which the items in a cash letter are drawn.

### 2.15 Use of term "correspondent bank"

The term "correspondent bank" in this bulletin refers to a correspondent member bank designated by a remitting bank to receive charges for the remitting bank's cash letters.

## Section 3, AUTOMATIC PAYMENT FOR CASH LETTERS

### 3.00 Automatic charge plan

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 correspondent bank. The designation of a correspondent bank outside the Eleventh Federal Reserve District requires con-

currence of the Federal Reserve Bank of the other district.

The charge will be made not later than the close of the banking day for this bank on which the cash letter is received by the remitting bank. If the banking day on which the cash letter is received by a remitting bank is not a banking day for this bank, the charge will be made on the banking day of both this bank and such remitting bank next following the day of receipt.

Each remitting bank 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 Sunday) not so reported as a day of closing. Our form TR-385 should be used for furnishing such a list; however, notification of any change in days of closing may be made by letter.

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.

### 3.05 Advice of automatic charge

This bank will forward to the remitting bank and to the correspondent bank, if any, an advice of each automatic charge. 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.

### 3.10 Right to countermand

The remitting bank and its correspondent shall each have the right to countermand any automatic charge by notifying this bank prior to this bank's close of business on the day the charge is to be made. When an automatic charge is countermanded, other acceptable remittance must be furnished not later than the banking day for this bank on which timely payment or remittance would have been received by this bank in the ordinary course. With regard to acceptable forms of remittance, attention is directed to Regulation J of the Board of Governors of the Federal Reserve System and this bank's Bulletin 11,

entitled "Instructions to Collecting and Paying Banks."

### **3.15 Action on nonreceipt of cash letters**

If the cash letter is not received at the usually expected time, the remitting bank should notify this bank immediately as prescribed in section 3.25 of this bulletin. 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 date of receipt request that we make an automatic charge on such day of receipt. If the remitting bank fails to furnish such notification of nonreceipt of any cash letter, we will require it to hold us harmless from any loss contributed to by such failure.

### **3.20 Notifying this bank**

On days this bank is open, notification of matters relating to the automatic payment plan may be given by a collect telephone call to the manager or assistant manager of the Checks Department at the appropriate office, or to any of the officers over the checks function at such office. On Saturdays and holidays observed by this bank, notification should be given by a collect telegram. A collect telegram or letter may also be used if the proper parties of this bank can not be reached by telephone.

### **3.25 Return items and reports of cash letter differences**

The reserve account of the remitting bank, or in appropriate cases that of the correspondent bank, will be credited with the amount of all items for which payment or remittance is recoverable under section 210.12 of Regulation J of the Board of Governors of the Federal Reserve System. The remitting bank should notify this bank immediately of differences of \$1,000 or more found in cash letters. Lesser differences may be reported by letter or memorandum advice. Return items, notification of nonpayment, and reports of differences in cash letters should be forwarded in the stamped, self-addressed envelopes provided by this bank.

## **Section 4, APPOINTMENT OF PROCESSING ORGANIZATION AS AGENT**

### **4.00 Appointment of processing organization as agent to make notification and requests and to forward return items**

If the remitting bank requests delivery to another organization for processing, the processing organization may be appointed as agent for the remitting bank to make the notifications and requests called for in sections 3.05, 3.15, 3.20, and 3.25 of this bulletin and to forward return items to this bank. The advices provided for by this bulletin will also be furnished by this bank to any processing organization that is appointed agent for these purposes. Appointment of the processing organization as agent does not relieve the remitting bank of any liabilities to this bank under this bulletin or otherwise.

## **Section 5, INITIATION AND REVOCATION OF THE AUTOMATIC CHARGE PLAN**

### **5.00 Initiation**

To use the automatic charge plan, member banks that wish to charge their own reserve account should execute authorization form TR-383. Non-member banks and member banks that do not wish to charge their own reserve account should, in conjunction with the designated correspondent bank, execute authorization form TR-384. For arrangements involving delivery of cash letters to a processing organization, execution of special collection agreement form TR-411 is required.

On receipt of a properly executed form TR-383, TR-384, or TR-411, this bank will inform the remitting bank and the other parties, 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.

### **5.05 Revocation**

An agreement to use this plan may be revoked at any time by this bank, the remitting bank, or the correspondent bank, if any, upon 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.