

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 74-190

July 15, 1974

COLLECTION OF NONCASH ITEMS

To All Member Banks in the
Eleventh Federal Reserve District:

The purpose of this letter is to advise you that effective January 1, 1975 the Federal Reserve Banks will no longer handle for collection certain kinds of noncash items, including notes, certificates of deposit, drafts and bankers' acceptances other than those drawn upon depositors in a Federal Reserve Bank. We are notifying you of this change in service prior to the effective date in order to enable you to make other arrangements in the interim to handle these items.

Specifically, this Bank will no longer handle maturing notes, certificates of deposit, acceptances, and bankers' acceptances drawn upon nonmember banks and nonbank payors. This Bank will continue to handle maturing acceptances and bankers' acceptances if drawn upon a depositor in a Federal Reserve Bank.

The provisions relating to the circumstances under which this Bank will handle any check collectible at par or other demand item which would ordinarily be handled as a cash item, as stated in our current operating circular on the collection of noncash items, will remain unchanged. Other demand items (including bills of exchange and drafts with securities, bills of lading, and other documents attached, and drafts and orders on savings deposits with passbooks attached) that are not collectible as cash items will not be handled by this Bank unless such demand items are drawn upon a depositor in a Federal Reserve Bank. This Bank will no longer handle drafts not payable by or through a bank.

This change in collection service is a result of a recent study which indicated that the volume of noncash items collected by the Federal Reserve Banks has declined substantially in recent years. In addition, the Reserve Banks' handling of these items as collecting agents involves a duplication of records and of document preparation; they could be handled more expeditiously if the items were sent directly to the paying agents. In order to handle such noncash items on or after January 1, 1975, you may wish to send them directly to the paying agents or to correspondent banks.

The provisions of our current operating circular will remain in effect until December 31, 1974. Prior to that time a revised circular containing the amendments which will be effective on January 1, 1975 will be issued.

Yours very truly,

P. E. Coldwell

President