

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 74-209
August 2, 1974

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

Enclosed is a revised page 5 of Bulletin 9, Collection of Noncash Items. Paragraph 8.20 has been changed to eliminate the service charge on collection of noncash items except under certain conditions and paragraph 8.25 has been amended to redefine the terms to be used when requesting wire advice. These changes are effective August 5, 1974.

Please substitute the attached page for the page you have in your files or in your ring binder containing Regulations of the Board of Governors of the Federal Reserve System and Bulletins of this Bank.

Questions regarding this revised page should be directed to this Bank's officers or appropriate Branch officers having responsibility over the Noncash Collection function.

Yours very truly,

P. E. Coldwell

President

Enclosure

8.00 Uniform instructions

In the absence of specific instructions to the contrary in the sender's collection letter and except as provided in section 8.05 hereof, we will receive, handle, and forward noncash items subject to the following uniform instructions regarding protest:

(a) PROTEST any dishonored item of \$2,500 or over, except a bond, debenture, coupon, or other similar security:

(i) which appears on its face to have been drawn at a place which is not within any state,⁴ 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

(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 \$2,500, or

(ii) any item of \$2,500 or over unless it is protestable under subparagraph (a).

8.05 Items with U.S. Treasury and similar endorsements

DO NOT PROTEST AND DO NOT WIRE ADVICE⁵ of nonpayment of any check handled as a noncash 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.

8.10 Responsibility for protest

The paying bank, if any, shall be responsible for making or providing for any protest of a noncash item protestable under the provisions of this bulletin, except as may be otherwise provided by the rules or practices of any clearing house through which the item was presented or

⁴The 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.

⁵For the purposes of this bulletin, the term "wire" includes telephone, telegraph, and cable.

by agreement between us and the paying bank. If there is no paying bank, the responsibility shall be that of the subsequent collecting bank, if any, except as may be otherwise provided by applicable clearing house rules or practices or by agreement between us and such collecting bank. If there is no paying bank or subsequent collecting bank, we will make or provide for any necessary protest.

8.15 Determination of responsibility

We have no responsibility for determining whether another bank responsible therefor has (a) made or provided for the protest of any dishonored noncash item in accordance with specific instructions in the sender's collection letter or in accordance with the provisions of this bulletin or (b) given any wire advice requested with respect to any noncash item.

8.20 Communications concerning noncash items

When instructed to do so by a sender, this Bank will give wire advice⁵ of credit to such sender without charge for any noncash item in an amount of \$1,000 or over; if, when instructed to do so by a sender, this Bank gives wire advice of credit for any noncash item in an amount of less than \$1,000, a \$1.50 service charge will be made against the sender's account. No charge will be made for wire advices of nonpayment or for messages pertaining to tracing noncash items.

8.25 Requesting wire advice

The term listed below, when used in instructions, advices, or communications, will be understood to have the meaning indicated, as follows:

"WIRE FATE" when wire advice of credit or wire advice of nonpayment is desired. A wire advice of credit message indicates that a credit has been posted to the reserve or other account of the sender of the item; with respect to a bankers' acceptance drawn upon a depositor in a Federal Reserve Bank, however, when a Federal Reserve Bank gives wire advice of credit, it does not necessarily imply that actually and finally collected funds are in its possession.

A Federal Reserve Bank will have no responsibility for any other instruction given by a sender regarding wire advice of credit or wire advice of nonpayment.

Section 9, AVAILABILITY OF PROCEEDS OF NONCASH ITEMS

9.00 Generally

Except as hereinafter provided with respect to bankers' acceptances and certificates of deposit credit for the proceeds of noncash items, with the usual advice, will be given as directed in a reserve account or other appropriate account, upon receipt by us of payment in actually and finally collected funds or upon receipt of advice from another Federal Reserve bank of such payment.

9.05 Bankers' acceptances and certificates of deposit

Credit for bankers' acceptances and certificates of deposit will be given, subject to payment in actually and finally collected funds, in accordance with the following schedule, if received by us sufficiently in advance to permit forwarding in time to reach the place of payment at least one banking day before maturity:

Place Payable	Credit Available
Federal Reserve bank or branch cities	On maturity date
Elsewhere	1 banking day after maturity

Section 10, COLLECTION CHARGES

10.00 Generally

Except as hereinafter provided, the Federal Reserve banks make no charge for their services in collecting noncash items. However, it is recognized that any other bank acting as agent to collect any such item renders a service in presenting, collecting, and remitting, for which a reasonable charge may be made if it cares to do so; and when such a charge is made and deducted from the payment or remittance received by us for the item, we will give credit to the sender for the net proceeds.

10.05 Charges by collecting or paying banks

No charge may be made by a paying bank or collecting bank in connection with the collection or payment of any check that may be handled as a noncash item; **provided, however,** that a collecting bank or paying bank may make a collection charge in connection with such item if such charge reflects expenses actually incurred by it in collecting such check as a non-cash item which it would not have incurred had the check been handled as a cash item and if such charge is clearly not an exchange charge nor in the nature of a charge for payment. When such a charge is made and deducted from the payment or remittance received by us for the item, we will give credit to the sender for the net proceeds.

10.10 Charges by Federal Reserve banks

Items sent to the Federal Reserve banks for collection are subject to the following charges:

- (a) Charges made by collecting banks or paying banks referred to in sections 10.00 and 10.05 of this bulletin; and
- (b) Charges made by the Federal Reserve banks:
 - (i) A charge, at their discretion, for handling and collecting securities;
 - (ii) A service charge, at their discretion, of \$.50 per item on all noncash items returned unpaid and unprotested;
 - (iii) Postage, insurance, or express, or other transportation charges incurred in forwarding items;
 - (iv) All telegraph, cable, and telephone charges; and
 - (v) Protest fees.

Section 11, RETURN OF NONCASH ITEMS

11.00 Generally

A noncash item for which final payment has been received by a Federal Reserve bank cannot