

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 74-325
December 16, 1974

COLLECTION OF NONCASH ITEMS

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

Enclosed is a copy of Bulletin 9, Collection of Noncash Items, revised effective January 1, 1975.

The Bulletin has been revised to reflect a change in collection services offered by Federal Reserve Banks, as referred to in our Circular No. 74-190, dated July 15, 1974. Effective January 1, 1975, Federal Reserve Banks will no longer handle for collection (1) certain kinds of noncash items including notes and certificates of deposit, and (2) drafts, acceptances, and bankers' acceptances unless such items are drawn upon depositors in a Federal Reserve Bank. The revisions reflecting such changes are as follows:

(1) Paragraph 3.05 (a) on time items handled by us as noncash items has been amended to reflect the fact that we will no longer handle maturing notes and certificates of deposit. In addition, acceptances and bankers' acceptances will no longer be handled unless such items are drawn upon depositors in a Federal Reserve Bank. Paragraph 3.05 (b) remains unchanged.

(2) Paragraph 3.15 on other demand items handled by us as noncash items has been amended to reflect the fact that we will no longer handle drafts not payable by or through a bank. This Bank will handle a demand item only if it is drawn upon a depositor in a Federal Reserve Bank and is not collectible as a cash item. Such items include, but are not limited to: i.) bills of exchange and drafts with securities, bills of lading, or other documents attached; ii.) drafts and orders on savings deposits with passbooks attached.

(3) Paragraph 3.25, on items which will not be handled as noncash items, has been amended to reflect the fact that we will no longer handle as a noncash item a note or a certificate of deposit. In addition, this Bank will no longer handle a draft, whether or not it is accepted, unless it is drawn upon a depositor in a Federal Reserve Bank.

(4) Paragraph 9.00 on availability of proceeds of noncash items, has been amended to reflect the fact that, except with respect to bankers' acceptances drawn upon depositors in a Federal Reserve Bank and due and past due coupons, credit for the proceeds of noncash items will be given 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.

(5) Paragraph 9.05 on availability of proceeds of noncash items, has been amended to reflect the fact that credit for bankers' acceptances drawn upon depositors in a Federal Reserve Bank will be given, subject to payment in actually and finally collected funds, in accordance with the following time 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:

<u>Place Payable</u>	<u>Credit Available</u>
Federal Reserve Bank or Branch cities	On Maturity Date
Elsewhere	One banking day after maturity

(6) Paragraph 11.10 on noncash items to be presented for acceptances has been amended to reflect the changes incorporated in paragraph 3.05 (a) and 3.15 and 3.25. Accordingly, any noncash item to be presented for acceptance must be drawn upon a depositor in a Federal Reserve Bank.

Please substitute this revised bulletin for the bulletin 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 bulletin should be directed to Mr. T. E. Spreng, Assistant Vice President or appropriate Branch officer having responsibility over the Noncash Collection Function.

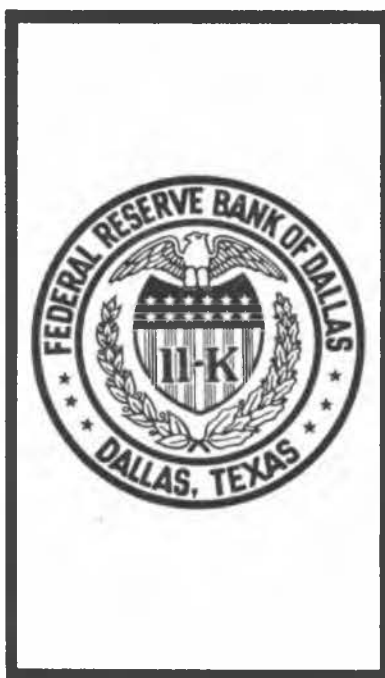
Yours very truly,

Ernest T. Baughman

President

BULLETIN 9

Collection of Noncash Items



FEDERAL RESERVE BANK OF DALLAS

SCOPE

This bulletin contains the terms and conditions under which we will handle noncash 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:

1.00 Collection contract

Regulation J and this bulletin prescribe the terms and conditions upon which we will handle noncash items for collection.

1.05 Authority

This bulletin is 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 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.

Section 3, NONCASH ITEMS

3.00 Items which will be handled as noncash items

Except as otherwise provided by this bulletin, we will receive for handling as noncash items in accordance with and subject to Regulation J and this bulletin, the items set out in this section 3 which are payable in any Federal Reserve district.¹

3.05 Time items

We will handle as noncash items any evidence of indebtedness or order to pay which is not payable on demand and which we may be willing to accept as a noncash item, including but not limited to:

(a) Maturing acceptances and bankers acceptances drawn upon depositors in a Federal Reserve Bank.

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

serve Bank.

(b) Maturing bonds, debentures, coupons, and other similar securities (other than obligations of the United States and its agencies or instrumentalities and of certain international organizations).²

3.10 Demand items

We will handle as noncash items any check collectible at par or other demand item which would ordinarily be handled as a cash item

(a) If a passbook, certificate, or other document is attached to the item; or

(b) If special instructions, including requests for special advice of payment or dishonor, accompany the item; or special conditions require that the item not be handled as a cash item, and we will decide whether such special conditions exist; or

(c) If the item consists of more than a single thickness of paper, except as provided in sections 12.00 and 12.05 of this bulletin; provided, however, that any mutilated, erroneously-encoded or other 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) If the item has not been preprinted, or post-encoded before its receipt by us, with (1) the routing symbol and the suffix of the transit number of the paying bank (or nonbank payor), and (2) the dollar amount of the item, in magnetic ink in E-13B type in the manner prescribed, and at the location assigned, by the A.B.A.; provided, however, that we will handle such items as cash items when, in our judgment, special circumstances justify such handling.

3.15 Other demand items

We will handle as noncash items any other item drawn upon a depositor in a Federal Reserve Bank which is not collectible as a cash item, including, but not limited to:³

²Obligations, including coupons of the United States and its agencies or instrumentalities, when received by us for collection, are paid by us as fiscal agent of the United States or of the agency or instrumentality. Provisions governing the payment of such coupons are contained Appendix B of this bulletin.

³Provisions governing the collection of payment vouchers on letters of credit for Government grants and contributions are contained in Appendix A of this bulletin.

(i) Bills of exchange and drafts with securities, bills of lading, or other documents attached.

(ii) Drafts and orders on savings deposits with passbooks attached.

3.20 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 noncash item if it would have been a noncash item but for the fact that it was not sent to us by a sender.

3.25 Items which will not be handled as noncash items

This bank will not handle as a noncash item any item described in sections 3.00 through 3.15 of this bulletin if

(a) The item is not a check and is payable in the same community in which an office of the sender is located; or

(b) The item is payable by or through one office of the sender and has been received from another office of the same sender; or

(c) The item is a Government check, postal money order, (United States postal money order, United States international postal money order, domestic-international postal money order), food coupon, or food certificate; or

(d) The item is a check and cannot be collected at par; or

(e) The item has previously been dishonored more than twice; or

(f) The item is a bill of exchange or draft, has attached thereto stock certificates or other documents (except evidences of indebtedness) representing a right in or to stocks, and is not payable by, at, or through a bank; or

(g) The item is a note or certificate of deposit; or

(h) The item is a draft, whether or not it is accepted, which is not drawn upon a depositor in a Federal Reserve Bank.

3.30 Unmatured time items

Except as provided in section 11.10 hereof, time items will not be handled by this bank more

than 30 days prior to their maturity.

Section 4, DIRECT SENDING

4.00 Direct sending of noncash items to other Federal Reserve districts

Senders which maintain or use accounts with us are authorized to send, for our account, non-cash items payable in other Federal Reserve districts direct to the Federal Reserve banks and branches of the districts in which the items are payable. Since direct sending of such items expedites handling by Federal Reserve offices and is of advantage to senders, senders are urged to send such items direct whenever feasible.

4.05 Right to refuse interdistrict items authorized for direct sending

We reserve the right to require any sender which maintains or uses an account with us and which has a substantial volume of noncash items payable in any other Federal Reserve district to send such items direct to the Federal Reserve bank of the district in which the items are payable; and we will not accept such items from such sender.

4.10 Direct sending of noncash items to other offices of this bank

Member and nonmember clearing banks and other senders maintaining or using accounts with one office of this bank are authorized to send noncash items payable in the territory of any other office of this bank direct to such other office. Since direct sending of such items expedites handling by Federal Reserve offices and is of advantage to senders, senders are urged to send such items direct whenever feasible.

4.15 Right to refuse intradistrict items authorized for direct sending

This bank reserves the right to require any sender which maintains or uses an account with one office of this bank and which has a substantial volume of noncash items payable in the territory of any other office of this bank to send such items direct to such other office; and we will not accept such items from such sender.

Section 5, TERMS AND CONDITIONS OF COLLECTION

5.00 Regulation J

Regulation J prescribes terms and conditions under which all Federal Reserve banks will collect noncash items for the senders thereof. Such terms and conditions and the terms and conditions of this bulletin will apply to the handling of all noncash items which we accept for collection. The terms and conditions of Regulation J and of our Bulletin No. 8 will apply to the handling of bank drafts and other forms of payment or remittance which we receive for such items and elect to handle as cash items; and the terms and conditions of Regulation J and of this bulletin will apply to the handling of bank drafts and other forms of payment or remittance which we receive for such items and elect to handle as noncash items

5.05 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 noncash 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 noncash 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 noncash items and containing such other matters as are required by the provisions of that regulation.

5.10 Items payable outside this district

A noncash 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 operating bulletins of such Federal Reserve bank; but we will give credit to the sender for such item in accordance with this bulletin.

5.15 Right to classify and require deposits

We reserve the right to classify noncash items and to require deposits in separate collection letters of such noncash items as we may deem appropriate.

5.20 Effect of special instruction

Except as provided in paragraph 16 of this bulletin, we will handle all noncash items subject to the following instruction: "Do not hold after maturity or for convenience of payer"; any contrary instruction in the collection letter or otherwise will be disregarded; and we reserve the right, without prior notice to the sender, to recall any noncash item and return it to the sender whenever in our judgment such item is being held contrary to such instruction.

Section 6, HANDLING BY THIS BANK

6.00 Presentment for payment

In the absence of specific instructions to the contrary, we or any subsequent collecting bank may present to the paying bank (or nonbank payor) for payment, or send for presentment to the paying bank (or nonbank payor) for payment, any bond, coupon, debenture, or other similar security with the understanding that payment may be deferred without dishonor pending reasonable examination to determine whether the security is properly payable, but that payment shall be made or the security returned in any event before the close of the paying bank's (or nonbank payor's) business day next following the day of maturity or presentment, whichever is later.

6.05 Procedure

As contemplated by section 210.7 of Regulation J, any noncash 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.

6.10 Time items and maturity date

Neither we nor any subsequent collecting bank undertake to present noncash items which are time items on the maturity date unless such items are received by us sufficiently in advance of the maturity date to permit timely presentment by us to the paying bank (or nonbank payor) or forwarding to the subsequent collecting bank for such presentment, utilizing the means which we normally utilize for that

purpose.

6.15 Endorsements

All noncash items other than bonds, coupons, debentures, and other similar securities 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.

6.20 Items without endorsement

In the event a noncash item other than a bond, coupon, debenture, or other similar security 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. We make the warranties stated in section 210.6(b) of Regulation J by presenting, sending, or forwarding a noncash item or an instrument which it handles as a noncash item pursuant to section 3.20 of this bulletin. These warranties arise whether or not such item bears our endorsement.

Section 7, COLLECTION LETTERS

7.00 Preparation of collection letters by sender

Except as provided in sections 7.15 and 7.25 of this bulletin, noncash items forwarded for collection and credit when paid should be transmitted with a separate collection letter different in form from that in which cash items are listed. The accompanying collection letter should include the collection number assigned to the item by the sender; a description of the item; the name of the paying bank or nonbank payor of the item; the place of payment, the maturity, and the amount of the item; and any special instructions with respect to the item. If documents are attached to the item, they must be clearly and adequately identified in the accompanying collection letter.

7.05 Special instructions

Any special instructions as to handling, including instructions as to protest and advice of payment or nonpayment, should be incorporated in the collection letter. Except as otherwise provided in sections 8.00 and 8.05 of this bulletin, special instructions noted on or attached to the noncash items themselves and not supported by like instructions in the collection letter will be disregarded.

7.10 Direct sending urged

Senders are urged to send bonds, debentures, coupons, and other similar securities payable by any one of several paying agents direct to the Federal Reserve bank of the district in which the paying agent nearest to the sender is located.

7.15 Coupons

Coupons sent to us for collection should be enclosed in separate envelopes according to issue. The name of the sender, the name of its depositor, the sender's collection number, and a complete description of the coupons enclosed, including the name of the paying agent thereof, should be visible on or through each envelope containing coupons. Such envelopes should be separately listed and described (either by issue or collection number) on the totaled collection letter of the sender.

7.20 Coupon ownership certificates

Before sending coupons to us for collection, senders should ascertain whether ownership certificates are required to be attached thereto by law or by the issuer of such coupons. If so required, the appropriate ownership certificate forms should be attached to the coupons sent to us for collection.

7.25 Other securities

Securities other than coupons sent to us for collection should be sorted according to issue, should be accompanied by the same information as accompanies coupons sent for collection, and should also be listed and described on the sender's totaled collection letter in the same manner as coupons sent for collection, as provided in section 7.15 hereof.

Section 8, PROTEST AND ADVICE OF NONPAYMENT

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 United States Treasury, or endorsed for credit to the United States Treasury, 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.

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.

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 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 drawn upon depositors in a Federal Reserve Bank and due and past due coupons, 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

Credit for bankers' acceptances drawn upon depositors in a Federal Reserve Bank 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 noncash 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 be returned to a Federal Reserve bank by a subsequent collecting bank, a paying bank, or nonbank payor for credit or refund. However, such an item may be returned to us without entry and with a request that we ask our sender to make refund therefor, in which event we will make refund to the subsequent collecting bank, paying bank, or nonbank payor, as the case may be, and charge our sender only if the latter specifically authorizes us to do so.

11.05 Noncash items to be presented for acceptance

We will receive from senders, for presentment for acceptance, any non-accepted noncash item which provides that it must be presented for acceptance, or which is payable elsewhere than at the residence or place of business of the drawee, or the date of payment of which depends upon presentment for acceptance, subject to the following terms and conditions:

- (a) Noncash items to be presented for acceptance must be deposited by senders in a separate

collection letter which states that such items are to be so presented and sets forth any other instructions of the sender, not inconsistent with the provisions of this section and section 11.10 hereof, regarding such items.

(b) A Federal Reserve bank or a subsequent collecting bank may present any such item for acceptance in any manner authorized by law.

(c) Any subsequent collecting bank to which this bank forwards any such item for presentment for acceptance will give us prompt notice of acceptance or refusal of the item.

(d) No Federal Reserve bank or subsequent collecting bank shall, upon the acceptance of any such item, deliver to the drawee thereof any accompanying documents unless specifically instructed by the sender to do so.

11.10 Effect of section 11.05

A noncash item received by us under section 11.05 hereof will be presented for acceptance by us or by a subsequent collecting bank selected by us. If the item is not accepted, it will be returned to the sender; if accepted and

(a) If the item is payable 30 days or less after sight or by its terms matures 30 days or less after the receipt thereof by us, the item will be held for presentment for payment by us, by the subsequent collecting bank, or by the drawee bank; or if the sender so requests, the item will be returned to the sender; or

(b) If the item is payable more than 30 days after sight or by its terms matures more than 30 days after the receipt thereof by us, the item will be returned to the sender.

Section 12, PHOTOGRAPHIC COPIES

12.00 Requirements for handling

In the event we receive, as a noncash item, a

properly prepared photographic copy of a lost or destroyed item which was a check or other demand item without securities, bills of lading or other documents attached and which was eligible for handling as a noncash item and the 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 item 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 item, the undersigned will hold each collecting bank and the payor bank harmless from any loss suffered, provided the original item is unpaid and payment is stopped thereon."

we will handle the copy as follows:

(a) We will present or send the copy, as a noncash item, to the paying bank (or nonbank payor) named on the original item, subject to all the terms and conditions of this bulletin; or

(b) If such paying bank (or nonbank payor) refuses to handle the copy, we will return the copy to the sender.

12.05 Requirements for handling cash items as noncash items

We will also handle as a noncash item, subject to all the terms and conditions of this bulletin, a properly prepared photographic copy of a cash item which, in accordance with section 12 of our Bulletin No. 8, we have charged back to the sender and entered for collection as a noncash item, provided that the paying bank (or nonbank payor) is willing to handle the copy as a noncash item.

APPENDIX A

PAYMENT VOUCHERS ON LETTERS OF CREDIT

A-1.00 Handled as noncash item

Payment vouchers on letters of credit for Government grants and contributions will be handled by us as noncash items in accordance with an agreement made by the Secretary of the Treasury and by the Federal Reserve banks as depositories and fiscal agents of the United States.

A-2.00 Effectuation of payment

As fiscal agent of the United States, we will effect payment of such vouchers by credit to the reserve or other account of the sender which has forwarded the vouchers to us for payment. Simultaneously with such credit, we will debit the amount of such payment vouchers against the general account of the United States Treasury under such symbol numbers as may be assigned by the United States Treasury. At that time the payment of such payment vouchers shall become final payment as between us and the sender.

A-3.00 Nonpayment

In the event that we do not pay any payment voucher forwarded to us for payment by a sender which maintains or uses an account with us, we will promptly advise such sender of

the nonpayment thereof, by wire at the cost of the United States Treasury, and will forward such voucher and any copy thereof which may accompany it, with advice as to the reason for nonpayment, to the Treasury Department; and we will have no further obligation or further liability in respect of such payment voucher.

A-4.00 Claims for refund

The agreement between the Secretary of the Treasury and the Federal Reserve banks provides, in effect, that no claim for refund or otherwise with respect to any payment voucher debited against the general account of the United States Treasury shall be made against or through any Federal Reserve bank; that, if any Federal agency makes any such claim with respect to any such payment voucher (other than a claim based on the negligence of a Federal Reserve bank) such payment voucher will not be returned or sent to a Federal Reserve bank, but such Federal agency will deal directly with the party against which such claim is made; and that, if any Federal Reserve bank shall stamp or otherwise place on any payment voucher any endorsement or legend containing the words "prior endorsement guaranteed" or words of similar import, such endorsement, legend, or words will have no effect whatsoever except to identify the payment voucher as having been received by such Federal Reserve bank.

APPENDIX B

COUPONS RECEIVED FOR PAYMENT

B-1.00 General

Coupons from obligations of the United States and its agencies and instrumentalities, when received by us for collection, are paid by us as fiscal agent of the United States, or of the agency or instrumentality. We will receive such coupons in accordance with the following procedures.

B-2.00 Procedure

We will receive, from senders who maintain or use accounts with us, coupons listed on schedules and enclosed in envelopes showing the name of the sender, as follows:

(a) Coupons from obligations of the United States should be enclosed in separate envelopes according to current or uncurrent interest due dates and denomination. Only coupons that bear an interest due date of February 15, March 15, May 15, June 15, August 15, September 15, November 15, or December 15 and are presented for payment on or before such interest due date or before the next such interest due date will be considered as bearing current interest due dates (for example, if a coupon bearing an interest due date of August 15, 1971, is presented not later than September 14, 1971, it should be classified as "current"); and all other coupons will be considered as bearing uncurrent interest due dates.

(b) Coupons from obligations of agencies or instrumentalities of the United States should be enclosed in separate envelopes according to issue and denomination.

The schedules to be used for such coupons will be furnished by us upon request.

B-3.00 Ownership certificate forms

Ownership certificate forms, when required by law, must be attached to coupons from obligations of the United States and its agencies and instrumentalities sent to us for collection. Such forms should be obtained by the sender from the nearest District Director of Internal Revenue.

B-4.00 Coupons not handled

We will not handle coupons from obligations of the International Bank for Reconstruction and Development and the Inter-American Development Bank for collection. However, senders which maintain or use accounts with us are authorized to send such coupons directly to the Federal Reserve Bank of New York, for payment for our account, in accordance with the terms and conditions of the operating bulletins of that Federal Reserve bank. We will give credit for such coupons in the reserve or other appropriate account upon advice from the Federal Reserve Bank of New York that such coupons have been paid.

B-5.00 Immediate credit

Immediate credit, subject to final payment, will be given for due or past due coupons received by us for payment, in the reserve or other appropriate account, if listed in a separate totaled letter and received by us by 2:00 p.m. on any banking day for us.