

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

Circular No. 75-10  
January 10, 1975

PAR PAYMENT OF BONDS AND COUPONS

**TO ALL BANKS**  
**IN THE ELEVENTH FEDERAL RESERVE DISTRICT:**

It is the practice of some commercial banks to assess an "exchange" charge when paying bonds and coupons presented to them by other banks, including Federal Reserve Banks. The practice has declined to the point where only a few banks and issuers now follow this practice and a large majority of bonds and coupons are paid at par.

The imposition of such charges presents problems to both commercial banks and Federal Reserve offices in apportioning the charges for groups of bonds and coupons to individual owners. In addition, many parties have expressed concern regarding the appropriateness of passing redemption costs to the owners of such obligations rather than to the issuers.

Consequently, on July 1, 1975, operating circulars of all Federal Reserve Banks will be revised to require par payment for all bonds and coupons when presented for payment by a Federal Reserve Bank. This should remove a minor impediment to the free flow of such items through the collection process. Questions or comments regarding this change should be directed to Mr. T. E. Spreng, Assistant Vice President, or the appropriate Branch officers having responsibility over the Noncash Collection Function.

Sincerely yours,

T. W. Plant

First Vice President