

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 77-69

June 22, 1977

REVISION TO BULLETIN 9

TO ALL BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Effective immediately, Bulletin 9, entitled "Collection of Noncash Items," is being revised to advise senders of coupons of a change in insurance requirements covering coupons contained in sealed envelopes which are transported by registered mail. Reserve Banks have been advised that coverage of certain registered mail insurance obtained by Reserve Banks may be conditioned upon verification of the contents of window envelopes when the coupons are enclosed and retention of a record of the description of such coupons by the senders.

Pages 3 and 4 of Bulletin 9, incorporating this revision, are enclosed. Member banks and others who maintain Regulations Binders should file the pages in their binders, and the corresponding pages should be removed and destroyed.

Any questions concerning this revision should be directed to Richard D. Ingram, Assistant Vice President, Ext. 6340, or the appropriate Branch officer having responsibility for the noncash collection function. Additional copies of pages 3 and 4 will be furnished upon request to the Secretary's Office of this Bank, Ext. 6267.

Sincerely yours,

Robert H. Boykin

First Vice President

Enclosure

Banks and others are encouraged to use the following toll-free incoming WATS numbers in contacting this Bank: 1-800-492-4403 (intrastate) and 1-800-527-4970 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

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 instructions

Except as provided in paragraph 16 of this bulletin, we will handle all noncash items subject to the following instructions: "Do not hold after maturity or for convenience of payor"; any contrary instructions 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 instructions.

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 ABA 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 shall be enclosed according to issue and maturity in separate sealed, window envelopes so that the face of the coupon is visible through a window of the envelope. All such envelopes shall conform to specifications prescribed by this Bank. The name of the sender, the name of its depositor, the sender's collection number, and a brief description of the coupons enclosed, including the number of coupons, denomination value, and total dollar value shall be listed by the sender in the space provided on the envelope. Such envelopes should be separately listed and described (either by issue or collection number) on the totaled collection letter of the sender. Senders are advised that the coverage of certain registered mail insurance obtained by Reserve Banks may be conditioned upon verification of the contents of window envelopes when the coupons are enclosed and retention of a record of the description of such coupons by the sender. All sealed window envelopes will be handled as provided in paragraph 7.20 of this bulletin.

7.20 Coupon envelopes

Coupons contained in sealed, window envelopes as provided in section 7.15 of this bulletin will be handled by us on a "said-to-contain" basis and we will have no responsibility for verifying that such envelopes actually contain the coupons listed and described on the sender's collection letter or described on the envelopes.

7.25 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.

7.30 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.