

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 81-232
December 10, 1981

TO ALL FINANCIAL INSTITUTIONS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Attached are revisions to Bulletin No. 9, entitled "Collection of Noncash Items." These revisions incorporate changes relative to pricing this service as of October 1, 1981.

Pricing changes will be made to the Fiscal Agency Operating Circular No. 2 and Bulletins 3, 7, and 14 in the near future. Any questions regarding pricing of securities services can be answered by referring to Circular No. 81-157, which describes the services and prices, or by calling Donald E. Curtis, (214) 651-4218.

Additional copies of revisions to Bulletin No. 9 and of this circular will be furnished upon request to the Department of Communications, Financial and Community Affairs of this Bank, Ext. 6289.

Sincerely yours,



William H. Wallace
First Vice President

Attachment

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-442-7140 (intrastate) and 1-800-527-9200 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

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following schedule:

For due and past due coupons, and for future due coupons that we do not receive sufficiently in advance of maturity:

Place Payable	Credit Available
The city of the Reserve office where the sender maintains an account.	3 banking days after receipt
Elsewhere	8 banking days after receipt

For future due coupons that we receive by the second banking day prior to maturity:

Place Payable	Credit Available
The city of the Reserve office where the sender maintains an account.	1 banking day after maturity

For future due coupons that we receive by the sixth banking day prior to maturity:

Place Payable	Credit Available
Outside the city of the Reserve office where the sender maintains an account.	2 banking days after maturity

26. A member bank or other account holder must promptly advise us in writing of an objection to an entry in our statement of its account. An account holder that fails to advise us of its objection within one calendar year from the date of the entry (and any sender, collecting bank or paying bank that has used the account and has handled the item to which the entry relates) is deemed to have approved the entry, and the statement of account is deemed finally adjusted. This paragraph does not relieve an account holder from the duty of using due diligence in examining statements of account sent to it and of notifying us immediately on discovery of an error. Further, this paragraph does not relieve a Reserve Bank from liability for breach of warranty on an item to which an entry relates.

RETURN OF NONCASH ITEMS

27. A subsequent collecting bank, paying bank,

or nonbank payor may not return to us for credit or refund a noncash item that has been finally paid, but may return such an item to us only on a without entry basis (that is, with a request for credit or refund). We grant credit or refund to the subsequent collecting bank, paying bank, or nonbank payor, and charge our sender, only if the sender specifically authorizes us to do so.

UNIFORM INSTRUCTIONS

28. Except as provided in paragraph 9 of this bulletin, we handle all noncash items subject to the instruction: "Do not hold after maturity or for convenience of payor." We disregard any contrary instruction in the collecton letter or otherwise. We reserve the right, without prior notice to the sender, to recall any noncash item and return it to the sender, when we judge that the item is being held contrary to this instruction.

Instructions on Protest and Advise of Non-payment

29. Absent specific instructions to the contrary in the sender's collection letter, and except as provided in paragraph 30 of this bulletin, we handle noncash items subject to the following uniform instructions regarding protest:

- (a) PROTEST a dishonored item of \$2,500 or over (except a bond, debenture, coupon, or similar security)—
 - (i) that appears on its face to have been drawn at a place not within a State,⁵ unless the item bears on its face the American Bankers Association no-protest symbol of a Reserve Bank or of a preceding bank indorser; or
 - (ii) that bears on its face the legend "PROTEST REQUIRED," of a Reserve Bank or a preceding bank indorser.
- (b) DO NOT PROTEST any other item.

30. DO NOT PROTEST AND DO NOT WIRE⁶ ADVICE of nonpayment of a check handled as a noncash item, regardless of amount, indorsed by

⁵Under Section 210.2 of Regulation J, "State" means a State of the United States, the District of Columbia, Puerto Rico, or a territory, possession or dependency of the United States.

⁶For purposes of this bulletin, "wire" includes telephone, telegraph, cable and other forms of electronic telecommunications.

or for credit to the United States Treasury, or bearing on its face or in an indorsement 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.

31. The paying bank, or if none, the subsequent collecting bank, if any, is responsible for making any required protest, except as 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 or collecting bank. If there is no paying or subsequent collecting bank, we will make any necessary protest.

32. We assume no responsibility for determining whether another bank has made a protest or given a wire advice.

REQUESTING WIRE ADVICE

33. A sender that desires wire advice of credit or of nonpayment should use the term "WIRE FATE." A wire advice of credit message indicates that we have posted a credit to the sender's reserve or other account. With respect to bankers' acceptances drawn on depositors in a Reserve Bank and coupons, wire advice of credit does not necessarily mean that we have received actually and finally collected funds. We assume no responsibility for any other instruction given by a sender regarding wire advice of payment or nonpayment.

CHARGES

34. Our fee schedule which is set forth in Appendix D shows the charges imposed for noncash item collection services. We may make the charge to the account maintained or used by the sender or other bank requesting the service.

35. (a) No bank or nonbank payor may make a charge in connection with collecting or paying a bond, debenture, coupon or similar security received directly or indirectly from a Reserve Bank. We recognize that a bank acting as agent to collect any other noncash item renders a service in presenting, collecting, and paying, for

which it may make a reasonable charge.

(b) No paying or collecting bank may make a charge in connection with collecting or paying a check that we handle as a noncash item, unless the charge (1) reflects expenses that the bank actually incurs in collecting the check as a noncash item and that it would not have incurred if the check had been handled as a cash item, and (2) is clearly not an exchange charge or in the nature of a charge for payment.

(c) When a paying or collecting bank makes a charge and deducts it from its payment, we give credit to the sender for the net proceeds.

PRESENTMENT FOR ACCEPTANCE

36. Senders may send to us, for presentment for acceptance, a nonaccepted noncash item: (a) that provides that it must be presented for acceptance; (b) that is payable elsewhere than at the residence or place of business of the drawee; or (c) whose date of payment depends on presentment for acceptance.

(a) Senders must deposit noncash items to be presented for acceptance in a separate collection letter that states that the items are to be presented for acceptance and that sets forth any other instructions consistent with this paragraph and paragraph 37 of this bulletin.

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

(c) A subsequent collecting bank to which we send an item for presentment for acceptance should give us prompt notice of acceptance or refusal of the item.

(d) A Reserve Bank or subsequent collecting bank shall not, upon acceptance of an item, deliver any accompanying documents to the drawee unless specifically instructed by the sender to do so.

37. We, or a subsequent collecting bank, will present the noncash item for acceptance. If the item is not accepted, it will be returned to the sender. If it is accepted and

(a) if the item is payable 30 days or less after sight, or by its terms matures 30 days or less after

we receive it, 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 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 we receive it, the item will be returned to the sender.

PHOTOGRAPHIC COPIES

38. We handle as a noncash item a correctly prepared photocopy of a lost or destroyed item that was a check or other demand item without securities, bills of lading or other documents attached and that was eligible for handling as a noncash item.

39. A correctly prepared photocopy must bear the sender's current indorsement and the follow-

ing or equivalent signed legend:

This is a photocopy of the original item which we indorsed and which was reported missing or destroyed in the regular course of bank collection. We guarantee all prior and any missing indorsements and the validity of this copy. Upon payment of this copy in lieu of the original item, we agree to hold each collecting bank and the payor bank harmless from any loss suffered, if payment is stopped on the original item and it is unpaid.

40. We present or send the copy, as a noncash item, to the paying bank (or nonbank payor) named on the original item. If the paying bank (or nonbank payor) refuses to handle the copy, we will return it to the sender.

RIGHT TO AMEND

41. We reserve the right to amend this bulletin at any time.

Appendix D

FEE SCHEDULE

Federal Reserve District	Transaction Charge per envelope or item processed*1	Shipping Charge per \$1,000 coupon value shipped*2
Boston	\$1.80	\$1.00
New York	1.40	1.00
Philadelphia	2.90	1.00
Cleveland	2.85	1.00
Richmond	2.00	1.00
Atlanta	1.40	1.00
Chicago	2.50	1.30
Detroit	2.50	1.30
St. Louis	2.80	.50
Minneapolis	2.25	.60
Kansas City	3.20	1.00
Dallas	2.25	1.00
San Francisco	6.85	1.00

*1 For bonds as well as other noncash items, add shipping expenses, insurance fees and fees assessed by other Federal Reserve Banks, if any.

*2 Shipping charge is applied where applicable. Some Federal Reserves do not charge for items payable in their Reserve cities.

The fee for collection of coupons and securities held in our safekeeping vault will be the fee set by the collecting Federal Reserve office plus our shipping expense incurred in delivering the coupons and securities to the collecting Reserve Bank.