

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 82-36

March 30, 1982

Bulletins 3, 7, and 9, and
Fiscal Agency Operating Circular No. 2

TO ALL FINANCIAL INSTITUTIONS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Enclosed are revised Bulletins 3, "Purchase and Sale of Securities", 7, "Custody of Securities", and Fiscal Agency Operating Circular No. 2, and revisions to Bulletin 9, "Collection of Noncash Items" which incorporate changes resulting from the pricing of securities services and the updating of securities procedures.

Bulletin 7 provides for the expansion of securities services available to depository institutions in this District. First, general safekeeping services are now available to institutions located in a Reserve City. Second, we will now collect maturing securities and coupons in our safekeeping vault for all depository institutions, rather than only for member banks. Third, the collection by this Bank of municipal or corporate securities payable in the same domicile as the owning depository institution is now available.

These services are available immediately for all depository institutions. However, institutions desiring any of the new collection services for securities held under existing safekeeping receipts should send written notification to the individuals below. New receipts issued will be serviced under revised Bulletin 7 unless other instructions are received.

The revisions to Bulletin 9 provide the right of refusal in handling items not encoded as noncash items which could be sent as cash items under our time schedule.

Questions regarding this material may be directed to C. L. Vick at this Bank, Ext. 6263; Larry Wilson, El Paso Branch, (915) 544-4730, Ext. 202; Andrew W. Hogwood, Jr., Houston Branch, (713) 659-4433, Ext. 42; or Thomas C. Cole, San Antonio Branch, (512) 224-2141, Ext. 403.

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.

Bulletins 3, 7, 9 and Fiscal Agency Operating Circular No. 2 should be filed in Vol. I of your Regulations Binders. The old bulletins 3 and 7, and page 1 of Bulletin 9 and Fiscal Agency Operating Circular No. 2 should be destroyed.

Additional copies of the circular, bulletins and Fiscal Agency Operating Circular No. 2 may be obtained from the Department of Communications, Financial and Community Affairs of this Bank, Ext. 6289.

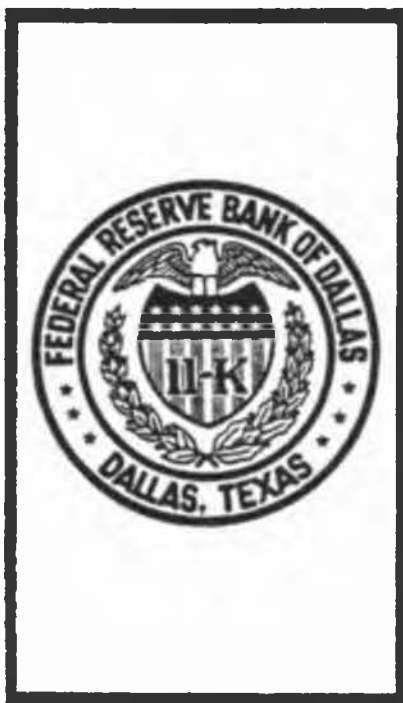
Sincerely yours,

A handwritten signature in cursive script, reading "William H. Wallace". The signature is written in dark ink and is centered below the typed name.

William H. Wallace
First Vice President

BULLETIN 3

**Purchase and Sale
of Securities**



FEDERAL RESERVE BANK OF DALLAS

SCOPE

This bulletin describes the terms and conditions under which this Bank will act as agent for depository institutions in purchasing and selling United States Government and United States Agency securities. These services are limited to actual purchase and sales and do not include investment advisory services.

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Section 1, DEFINITIONS**1.00 Securities**

"Securities" means transferable United States Treasury bonds, notes, certificates of indebtedness and bills issued under the second Liberty Bond Act and securities issued by United States Government agencies.

1.05 Dealer

"Dealer" means an individual or company which makes a market in securities and with which the management of this Bank has decided to do business.

1.10 CUSIP Number

"CUSIP Number" is that number assigned by the American Bankers Association which specifically identifies an issue of securities.

1.15 Advice of transaction

"Advice of transaction" means the acknowledgement a depository institution receives from us when we purchase securities pursuant to its order and hold such securities in custody.

1.20 Reference to Bulletin 1

Several definitions, rules of construction, and other provisions applicable to this bulletin are found in our Bulletin 1, "General Provisions" and are incorporated herein by reference.

1.25 Reference to bulletin concerning telegraphic transfers

Procedures and other provisions concerning the telegraphic transfer of securities are contained in our circular entitled "Telegraphic Transfers of Marketable Treasury and Agency Securities in Bearer or Book-Entry Form Between Federal Reserve Banks."

Section 2, ORDERS AND INSTRUCTIONS**2.00 Orders**

This bank will place orders for the purchase or sale of securities in accordance with the provi-

sions of 2.05 to 2.25 of this bulletin.

2.05 Receipt of instructions

Instructions to place orders shall be in writing over an authorized signature. Instructions to purchase or sell may be received by telephone. Instructions by telephone will be recorded as well as the callback for verification of the transaction.

2.10 Instructions

Written instructions or confirmation shall contain:

- (1) Face amount traded,
- (2) Type of issue,
- (3) Interest rate,
- (4) Maturity date,
- (5) For purchases, delivery instructions,¹ and
- (6) For sales a description of the securities and CUSIP number or source when the securities are not held by this Bank.

2.15 Placing of orders upon receipt of securities

Orders for sales of securities that are not in the possession of this Bank will be deferred pending receipt of the securities.

2.20 Orders placed with recognized dealers

Orders will be placed with recognized dealers. When the face amount is more than \$25,000, competitive prices will be obtained from more than one dealer and the best price will be accepted. All orders will be placed at market unless otherwise instructed. Orders will be placed for regular delivery (deferred one or more days) unless cash delivery (same day) is requested.

2.25 Maximum time orders will be held

Orders to purchase or sell at a specific price will be held for a maximum of ten days from date of receipt and thereafter cancelled unless renewed by the depository institution placing the order.

¹This Bank will hold securities in accordance with the provisions of Bulletin 7, Custody of Securities.

2.30 Charge to Depository Institution's reserve account

An institution's reserve or clearing account will be adjusted for the amount of such order.

2.35 Treasury Department securities

This Bank, as Fiscal Agent of the United States, accepts registered securities that are assigned in accordance with Treasury Department regulations to be forwarded to the Treasury for release from registration and exchange for coupon securities. After the exchange is completed, this Bank will sell the coupon security. In the event this Bank must make a refund to the Treasury, whatever the reason, the amount of the refund will be charged to the depository institution's account.

2.40 Shipments to this Bank

Security shipments to this Bank may be by registered mail or other prepaid carrier. Shipments to this Bank by registered mail may be insured while in transit under the terms and conditions of our registered mail insurance as described in our bulletin entitled "Custody of Securities".

2.45 Shipments by this Bank

Shipments from this Bank of definitive securities will be by registered mail unless other instructions are received. Shipments by registered mail from this Bank will be insured under this Bank's insurance policies.

Section 3, ORDERS PLACED DIRECTLY BY DEPOSITORY INSTITUTIONS

Depository institutions that place orders directly with dealers may utilize this Bank's facilities for the receipt or delivery of any securities and for the payment or collection of funds. This Bank should be notified of the exact amount to be debited or credited to their reserve account. A letter of instructions must be sent to this Bank giving the exact amount, including interest to be charged or credited, and a description of the securities involved.

Section 4, ACCOUNTING

Appropriate entries will be made to the institution's reserve account to reflect all purchases, sales, refunds or charges unless otherwise directed by the depository institution.

Section 5, RISK

This Bank will assume no liability in connection with the handling of securities except for losses resulting from this Bank's negligent failure to follow instructions. This Bank will not be responsible for the genuineness, validity, or alteration of, or any defect in securities handled under the terms of this bulletin.

Section 6, FEES

A depository institution's reserve or clearing account will be charged according to the fee schedule in Appendix A. We reserve the right to change these fees from time to time.

Appendix A
FEE SCHEDULE

Transaction charge for each
purchase or sale \$26.50

Other charges for shipping fees, insurance fees, brokerage fees, and wire transfer fees will be billed where appropriate.

BULLETIN 7

Custody of Securities



FEDERAL RESERVE BANK OF DALLAS

SCOPE

This bulletin describes our services relating to the custody of securities. Any depository institution depositing, either directly or through others, securities with this Bank shall, by such action, be understood to have agreed to the terms and conditions set forth herein.

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Appendix A—FEE SCHEDULE

Section 1, GENERAL**1.00 Reference to Bulletin 1**

Several definitions, rules of construction and other provisions applicable to this bulletin are found in our Bulletin 1, General Provisions, and are incorporated herein by reference.

1.05 Availability of service

The services described herein are maintained primarily for the convenience of depository institutions. These services are now extended to include institutions located in a Federal Reserve city. However, these services are limited to the vault capacity available at each Reserve Bank.

1.10 Fees

Our fee schedule which is set forth in Appendix A shows the charges imposed for safekeeping services. We reserve the right to change these fees from time to time.

Section 2, TYPES OF SECURITIES ACCEPTED**2.00 Generally**

Except as provided in Section 2.05, only securities which are neither assigned nor pledged and which are owned by the depositing institution will be accepted. Securities acceptable for our custody include all bonds, notes, certificates of indebtedness, and Treasury bills issued or guaranteed by the United States Government, and miscellaneous state, municipal, or corporate bonds. Such securities will be held in custody for the account, at the risk and subject only to the order of the depository institution named as owner in the acknowledgment issued by us.

2.05 Pledged securities

(a) Securities belonging to depository institutions which are pledged to departments, agencies, or officials of the United States Government to be held subject to the instructions thereof will be accepted pursuant to any act of Congress or any regulation or request of the Secretary of the Treasury providing for the deposit of securities

with a Federal Reserve Bank.

(b) Securities belonging to depository institutions which are pledged to officials of states, or political subdivisions thereof, as security for public deposits, will be accepted when application is made jointly by the depository institution and the public body whose deposit is secured. We furnish special forms for this purpose.

Section 3, BOOK-ENTRY**3.00 Authority**

(a) In accordance with Section 306.117(a) of Subpart O of Treasury Department Circular No. 300 and the corresponding section of regulations issued by those agencies, instrumentalities, and establishments of the United States listed in Appendix B (Agency regulations) to our Bulletin 14, this Bank as fiscal agent of the United States may maintain Treasury bonds, notes, certificates of indebtedness and bills issued under the Second Liberty Bond Act, and debt obligations issued pursuant to Agency regulations by means of entries on the records of this Bank as such fiscal agent ("book-entry securities") when such securities are deposited in accounts maintained by this Bank in its individual capacity and as to which securities this Bank in its individual capacity is to continue to maintain such deposits notwithstanding application of the book-entry procedure to such securities.

(b) Such accounts include, but are not limited to, accounts in which Treasury or Agency securities are deposited:

- (i) as collateral pledged to a Reserve Bank (in its individual capacity) for advances by it;
- (ii) by depository institutions for their own account;
- (iii) by a depository institution held for the account of its customers;
- (iv) as collateral to secure deposits in depository institutions of public funds by a state municipality, or other political subdivision;
- (v) pursuant to Section 61 of the Bankruptcy

Act (11 U.S.C. 101) in connection with the deposit of bankruptcy funds in depository institutions;

- (vi) as collateral in connection with the qualification of depository institutions to exercise trust powers; or
- (vii) as collateral to secure deposits of trust funds.

(c) Section 306.117(a) of Subpart O of Treasury Department Circular No. 300 and the corresponding section of Agency regulations provides that such application of the book-entry procedure shall not derogate from or adversely affect the relationships that would otherwise exist between this Bank in its individual capacity and its depositors.

3.05 Conversion to book-entry form

Any depository institution or other depositor whose Treasury or Agency securities are on deposit in any account specified in Section 3.00(b) above maintained by this Bank either in its individual capacity or as fiscal agent on April 9, 1973, and any person having an interest in Treasury or Agency securities which on or after such date are deposited in any of the aforesaid accounts or any other account specified by this Bank for application of the book-entry procedure under Section 306.117(a) of Subpart O of Treasury Department Circular No. 300 or the corresponding section of Agency regulations, will be deemed to have authorized this Bank to employ the book-entry procedure under the provisions of such section with respect to such Treasury or Agency securities and to have consented to the conversion of any such Treasury or Agency securities from definitive to book-entry form.

3.10 Terms of conversion

In connection with the application of the book-entry procedure to Treasury or Agency securities under the provisions of Section 306.117(a) of Subpart O or the corresponding section of Agency regulations, it is understood that:

- (a) The terms and conditions of this bulletin and

this Bank's Bulletin 14 entitled "Book-Entry Securities," or in the event of a particular agreement between this Bank and its depositor the terms and conditions of such agreement, shall apply to such securities.

(b) Advices of deposit and withdrawal with respect to such Treasury or Agency securities should be retained in some circumstances by the depositing institutions or other parties in interest for Federal income tax purposes. (See attachment to Subpart O.)

3.15 Application of Subpart O

Under Section 306.117(b) of Subpart O of Treasury Department Circular No. 300 and under corresponding sections of Agency regulations, this Bank, as fiscal agent of the United States, shall apply the book-entry procedure to Treasury or Agency securities deposited with this Bank as collateral for balances in Treasury Tax and Loan Accounts or for deposits of public monies under Treasury Department Circular No. 92 or No. 176, respectively, and may also apply book-entry procedure to Treasury securities deposited in other accounts designated by this Bank; and such securities will be handled pursuant to such terms and conditions as may be agreed upon between this Bank and the depositors of such securities. This Bank's Bulletin 14, entitled "Book-Entry Securities," applies to such accounts.

Section 4, LIMITATION OF LIABILITY

Each depository institution or other party depositing securities with us either directly or through others shall by such action be deemed to have agreed that this Bank:

- (a) Will be responsible only for the exercise of the same diligence with which it cares for its own property;
- (b) Will not be liable for any loss of such securities when a loss is due to any cause other than lack of such diligence;
- (c) Will not be responsible for the genuineness, validity, or alteration of or any defect in such

securities; and

(d) Will not be obligated to maintain any form of insurance for the account of the depositor in relation to securities held in custody for it.

Section 5, ACKNOWLEDGMENTS AND RECEIPTS

An acknowledgment form or joint safekeeping receipt describing the securities and indicating the purpose for which they are held, will be issued for each deposit. The acknowledgment form and joint safekeeping receipt are not negotiable or transferable and their return to us will not be required for the release of the securities.

Section 6, SERVICES PERFORMED BY US

6.00 General

In the absence of specific instructions to the contrary, we will endeavor to perform certain services as outlined herein but will assume no liability for failure to perform such services. These services are intended merely as an aid to depository institutions and do not relieve the depository institution of its own duty to keep itself informed of maturities, call dates, and other information affecting its own portfolio.

6.05 Collection of maturing United States Government securities (unpledged)

Unpledged United States Government securities and fully guaranteed obligations of its agencies which are payable by this Bank as fiscal agent of the United States and held by it in custody will, in the absence of specific instructions from the owner, be withdrawn prior to maturity or redemption call date, and the proceeds credited to the the depository institution's account on the due date.

6.10 Collection of maturing municipal or corporate securities (unpledged)

Unless otherwise instructed we will enter for collection, under the terms and conditions of our current Bulletin 9, Collection of Noncash Items, all

maturing unpledged municipal or corporate securities. Securities payable outside the continental United States, will be shipped to the owning depository institution. The shipping charges for collecting municipal or corporate securities will be charged to the owning depository institution's account.

6.15 Exchange of maturing securities (unpledged)

Under instructions from a depository institution, we will effect the exchange of maturing unpledged United States Government securities for available new issues. Upon receipt of the new securities to be held in custody, a new acknowledgment will be issued therefor.

6.20 Pledged securities

No action will be taken by us relative to maturing or called securities which are pledged, except upon receipt of appropriate written instructions of the owning depository institution and the pledgee. When so instructed, maturing securities, other than United States Government securities, will be handled for collection under the terms and conditions of our current Bulletin 9, Collection of Noncash Items, and United States Government securities will be redeemed. Disposition of the proceeds, when available, will be made upon receipt of appropriate instructions.

6.25 Notice of called or maturing securities

Notice of maturity of all municipal, corporate, or United States Government securities will be given in advance of maturity date. However, we do not maintain a called securities record, and, therefore, cannot undertake to advise depository institutions when securities are called for redemption.

6.30 Municipal or corporate securities received for the account of depository institutions

Under appropriate written instructions from a depository institution, we will accept for the depository institution's account municipal or corporate securities delivered by brokers and others

and make payment therefor at the price stipulated in the purchasing depository institution's letter. In handling these transactions, this Bank acts solely as agent for the depository institution and assumes no responsibility for the genuineness, validity or any alteration of the securities received.

6.35 Collection of maturing coupons

Unless otherwise instructed we will:

(a) Credit the owning depository institution on maturity date for maturing coupons detached from United States Government securities and fully guaranteed obligations of its agencies which are payable by this Bank as fiscal agent of the United States and held in custody for its account; and

(b) Enter for collection, under terms of our current Bulletin 9, Collection of Noncash Items, coupons detached from other securities held in custody and credit the account of the owning depository institution in accordance with Bulletin 9.

Municipal or corporate coupons payable outside the continental United States will be shipped to the owning depository institution. Coupons attached to securities which are pledged as collateral to a customer's note held under rediscount or as collateral to an advance by this Bank and held by us will not be clipped and handled for collection, unless specific instructions are received in connection therewith.

6.40 Unpaid coupons

Coupons entered for collection and returned unpaid will be reattached to the securities from which they were detached, and the owning depository institution will be advised of the reason for nonpayment. In the absence of specific instructions from the owning depository institution, no further effort will be made to collect on these and subsequent coupons attached to such securities.

Section 7, PLEDGING SECURITIES

7.00 To United States Government

Upon written instructions from the owning depository institution and subject to the approval of the Treasury Department, we will hold securities or receipts issued by qualified institutions pledged to departments, agencies and officials of the United States as collateral to secure deposits under the terms of Treasury Department Circular No. 176.

7.05 To United States District Courts

Under designation as custodian by a United States District Court and at the request of the Court and a depository institution, we will hold as collateral, securities pledged to secure court deposits. Securities held as collateral to secure United States District Court deposits can be substituted for, or withdrawn, only under order of the Court.

7.10 To United States District Court appointed trustees

Under designation as custodian by a United States District Court, we will hold in custody securities pledged as collateral to secure deposits of trustees in bankruptcy or receivership. Securities held as collateral to secure deposits of Court appointed trustees can be substituted for, or withdrawn, only under order of the Court.

7.15 Collateral to Treasury Tax and Loan account

We will hold securities or receipts issued by a qualified institution pledged by a depository institution to secure its Treasury Tax and Loan account. Deposit, release, or substitution of pledged securities should be authorized by this Bank acting as fiscal agent for the United States.

Section 8, PLEDGING SECURITIES—JOINT SAFEKEEPING

8.00 State Treasurer—State of Texas

At the request of a depository institution, subject to the approval of the State Depository Board, we will hold in joint safekeeping securities pledged as collateral to secure deposits of the State Treasurer. Application for deposit, withdrawal,

or substitution of such pledged securities should be made on our appropriate forms.

8.05 Political subdivisions—Texas

At the request of a depository institution and the governing body of a political subdivision, we will hold in joint safekeeping securities pledged as collateral to secure deposits of the political subdivision. Requests for deposits and requests for immediate withdrawals shall be made on our appropriate forms and executed jointly by the depository institution and the governing body of the political subdivision. Requests for even or greater substitutions of United States Government and Agency securities and requests for all delayed withdrawals of securities shall be made on our appropriate forms executed by the depository institution (or if preferred by the political subdivision, on our appropriate forms executed jointly by the depository institution and the governing body of the political subdivision). Requests for all other substitutions of securities shall be made on our appropriate forms and executed jointly by the depository institution and the governing body of the political subdivision.

8.10 Political subdivisions—other states

At the request of a depository institution and the governing body of a political subdivision, we will hold in joint safekeeping securities pledged as collateral to secure deposits of the political subdivision. Requests for deposits, substitutions, or withdrawals should be made on our appropriate forms and executed jointly by the depository institution and the governing body of the political subdivision. (This paragraph is not applicable in any state where law requires such pledged securities to be deposited within the state.)

8.15 Trust department of depository institutions

At the request of a depository institution and the depository institution's trust department, we will hold in joint safekeeping securities pledged as collateral to secure deposits of uninvested funds of the depository institution's trust department.

Deposits, withdrawals, or substitutions of the pledged securities should be authorized by the joint execution of the depository institution and its trust department on our appropriate forms.

Section 9, SHIPMENT OF SECURITIES

9.00 Risk of loss

(a) Regardless of any other provisions of this bulletin, any depository institution or other party shipping, or causing the shipment of, securities to this Bank shall by such action be deemed to have agreed that the risk of loss on such shipments occurring prior to the actual delivery thereof to us by the post office, express company, or other carrier is not assumed by us but is on the sender.

(b) Likewise, any depository institution ordering shipments of securities from this Bank shall by such action be deemed to have agreed that this Bank in making such shipments undertakes merely to make delivery to the post office, express company, or other carrier, and that the risk of loss occurring subsequent to such delivery is not assumed by us but is on the party ordering such shipment.

9.05 Registered mail insurance

We hold open insurance policies under which registered mail shipments of securities made to or by us may be insured. These policies afford protection against loss from the time of acceptance by the messenger or carrier, whether within or without the premises of the sender and end when actual delivery has been made to the office of the addressee. They do not, however, cover losses through theft by the employees of the sender or the addressee, or losses by risks generally referred to as "war risks."

9.10 Exclusion

The policies contain the following clause eliminating such coverages:

"To cover . . . risks of physical loss of or damage to or destruction of property insured, except theft on the part of employees of senders or addressees, but this policy does not insure against:

(a) capture, seizure, arrest, restraint, detainment, confiscation, preemption, requisition or nationalization, and the consequences thereof or of any attempt thereat, whether in time of peace or war and whether lawful or otherwise; any consequences of hostilities or war-like operations (whether there be a declaration of war or not) but the foregoing shall not exclude collision, explosion or contact with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather or fire unless caused directly (and independently of the nature of the voyage or service which the vessel concerned or, in the case of a collision any other vessel involved therein, is performing) by a hostile act by or against a belligerent power, the term 'power' as used herein including any authority maintaining naval, military, or air forces in association with a power; or any loss or damage caused by any weapon of war employing atomic fission or radioactive force whether in time of peace or war; (b) the consequences of civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, piracy, risks of contraband or illegal transportation or trade, and seizure or destruction under quarantine or customs regulations."

9.15 Limit of liability

The liability of the insurers under these policies is limited to \$10,000,000 on property from any one sender to any one addressee on any one day unless dispatched by two or more trains, boats, or other conveyances, in which event the limit of liability shall apply to each train, boat, or other conveyance separately.

9.20 Shipments by us

Shipments of securities by us, other than shipments made in our capacity as fiscal agent of the United States at the expense and risk of the United States, will be made by registered mail, and, unless instructed to the contrary, we will insure them as provided herein under the registered mail policies referred to at the expense of the depository institution.

9.25 Shipments to us

Shipments of securities to us may be insured

under the registered mail policies referred to, at the expense and risk of the sender, provided the following conditions are observed:

(a) On the day a shipment is made to us, an advice is sent by ordinary mail to the office to which the shipment is addressed, showing the name of the shipper, the number of sacks or packages comprising the shipment, a description of the contents, and the amount of insurance to be effected. A copy of this advice should be placed in the shipment.

(b) The contents of all shipments are verified and enclosed in a strong wrapper, envelope, or cloth or canvas bag, securely sealed with wax, paper seal, or in any manner acceptable to the post office at the place of mailing.

(c) The verifying, packaging and sealing is done by an employee of the sender, and the sealed package is in the charge of a responsible person until deposited and registered at the post office, or is in the custody of an armored car service in transit from the office of the sender to the post office.

(d) In the event of loss of a shipment insured under the registered mail policies referred to, claim will be made on behalf of the depository institution for the amount for which the shipment is insured. Prompt notice of loss should be given to us, together with all available details regarding the loss.

9.30 Shipments by this Bank as fiscal agent

Shipments of securities by this Bank as fiscal agent of the United States at the expense and risk of the United States will be made by registered mail and will be insured under the Government Losses in Shipment Act. This coverage is provided for shipments of United States securities upon original issue and United States securities in exchange for temporary certificates. Risk of loss by the United States from such shipments terminates upon delivery by the post office. Stock of unissued United States Savings Bonds shipped to issuing agents is the property of the United States, and hence such shipments are at the expense and risk of the United States and the interest of the Government does not cease upon delivery by the post office.

Appendix A
FEE SCHEDULE

Book Entry Securities:

Account Switches (on-line institutions)	per transaction	\$ 2.00
Account Switches (off-line institutions)	per transaction	6.50
Account Maintenance	per account per month	6.00

Definitive Securities:

Deposit, Withdrawal, or Redemption*	per transaction	12.00
Account Switch	per transaction	5.00
Account Maintenance	per receipt per month	1.40

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

Fees are not assessed on transactions involving collateral accounts such as Treasury Tax & Loan, Circular 176 (Secretary of the Treasury), and Loans.

GENERAL

1. Subpart A of Regulation J ("Regulation J") of the Board of Governors of the Federal Reserve System and this bulletin apply to the handling of all noncash items that we accept for collection and all bank drafts and other forms of payment that we receive for noncash items and that we elect to handle as noncash items. Regulation J and our Bulletin No. 8 apply to the handling of bank drafts and other forms of payment that we receive for noncash items and that we elect to handle as cash items. This bulletin is issued pursuant to Sections 4, 13, 14(e), and 16 of the Federal Reserve Act and related statutes in conformity with Regulation J. It is binding on the sender, on each collecting bank, paying bank and nonbank payor to which we or a subsequent collecting bank presents or sends a noncash item, and on other parties interested in the item, including the owner.

2. Each Reserve Bank has issued a circular or bulletin substantially similar to this one. When we send a noncash item to another Reserve Bank, that Reserve Bank handles the item subject to its operating circular. We give credit to the sender for the item in accordance with this bulletin.

3. All terms defined in Regulation J have the same meaning in this bulletin. Many terms used in this bulletin, including terms not defined in Regulation J, have specialized meanings that have developed through law, custom and commercial usage. Unless otherwise stated, all references to this Bank include our Head Office and our El Paso, Houston, and San Antonio Branches.

ITEMS THAT WE HANDLE AS NONCASH ITEMS

4. A sender may send the following items to us for handling as noncash items, unless otherwise provided in this bulletin:

Time Items

- (a) An evidence of indebtedness or order to pay that is not payable on demand and that we are willing to accept as a noncash item, including:

- (i) maturing acceptances and bankers' acceptances drawn on depositors in a Reserve Bank; and
 (ii) maturing bonds, debentures, coupons and similar securities (other than obligations of the United States, its agencies and instrumentalities, and certain international organizations).¹

Demand Items

- (b) A check or other demand item that would ordinarily be handled as a cash item, if:
- (i) a passbook, certificate, or other document is attached to the item;
- (ii) special instructions, such as a request for special advice of payment or dishonor, accompany the item;
- (iii) in our judgment special conditions require that that item not be handled as a cash item;
- (iv) the item consists of more than a single thickness of paper, except as provided in paragraph 40 of this bulletin regarding photocopies, and except that we handle as a cash item a mutilated, erroneously-encoded or other item contained in a carrier that qualifies for handling by high-speed check processing equipment; or
- (v) the item has not been preprinted or post-encoded, as prescribed by the American Bankers Association, before we receive it with (1) the Federal Reserve routing symbol and the suffix of the institutional identifier² of the paying bank (or nonbank payor), or (2) the dollar amount of the item. We handle these items as cash items when we judge that special circumstances justify cash item handling. We reserve the right to refuse to handle an item that is not amount encoded as a noncash item if the item could be sent as a cash item under our time schedule.
- (c) Any other demand item, drawn on a depositor in a Reserve Bank, that is not collectible

¹When we receive for collection coupons and other obligations of the United States, its agencies and instrumentalities and obligations of certain international organizations, we pay them as fiscal agent of the United States, of the international organization, or of the agency or instrumentality. See Appendix B of this bulletin.

²The terms "routing number," "routing symbol" and "institutional identifier" have the meanings given by the Routing Number Task Force of the American Bankers Association and the Federal Reserve System.

as a cash item, including³:

- (i) bills of exchange and drafts with securities, bills of lading, or other documents attached; and
- (ii) drafts and orders on savings deposits with passbooks attached.

5. When we accept an instrument for credit to our own account, the account of another Reserve Bank, or any account on our books, we handle the instrument as a noncash item if it qualifies as a noncash item even though it is sent to us by one other than a "sender," as defined in Section 210.2 of Regulation J.

ITEMS THAT WE DO NOT HANDLE

6. We do not handle as a noncash item an item described in paragraph 4 of this bulletin, if:

- (a) The item is not a check and is payable in a community in which an office of the sender is located;
- (b) The item is payable by or through an office of the sender;
- (c) The item is a Government check, postal money order (United States postal money order, United States international postal money order, or domestic-international postal money order), or food coupon;
- (d) The item is a check and cannot be collected at par;
- (e) The item has been dishonored two or more times, unless we elect otherwise;
- (f) The item is a note or certificate of deposit;
- (g) The item is a draft, whether accepted or not, that is payable at a bank but not drawn on a bank; or
- (h) The item is not payable in a Federal Reserve District ("District").⁴

7. We do not handle time items more than thirty (30) days prior to their maturity.

COLLECTION AND PRESENTMENT

8. Neither we nor a subsequent collecting bank undertake to present time items on the

maturity date unless we receive them sufficiently in advance of the maturity date to permit timely presentment or sending for presentment, using the means that we normally use for that purpose.

9. In the absence of specific instructions to the contrary, we or a subsequent collecting bank may present, or send for presentment, to the paying bank (or nonbank payor) any bond, coupon, debenture, or similar security, with the understanding that:

- (1) payment may be deferred without dishonor pending reasonable examination to determine whether the security is properly payable; but
- (2) 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.

We reserve the right to refuse to handle noncash items payable by a paying bank (or nonbank payor) that has in the past failed to take all action necessary for payment or return of noncash items within these times.

PREPARATION OF COLLECTION LETTERS AND CASH LETTERS

General

10. We reserve the right to distinguish among classes of noncash items, and to require deposits in separate collection letters of noncash items, as we may deem appropriate.

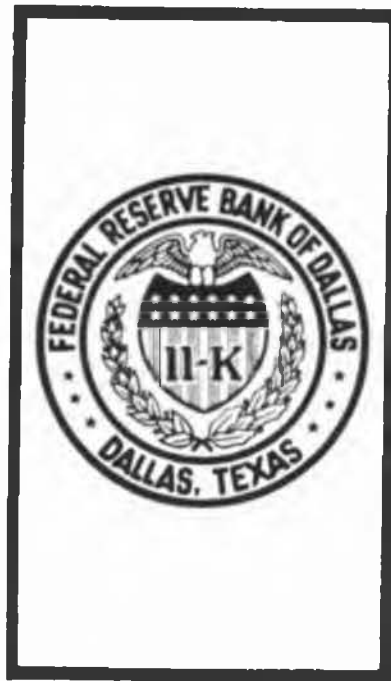
11. Except as otherwise provided in this bulletin regarding coupons and other securities in cash letters, a sender should send noncash items to us with a separate collection letter different in form from a cash item letter. The collection letter should include: (a) the sender's collection number; (b) a description of the item; (c) the name of the paying bank or nonbank payor; (d) the place of payment, maturity, and amount of the item; (e) a

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

⁴The Virgin Islands and Puerto Rico are deemed to be in the Second District, and Guam and American Samoa in the Twelfth District, Regulation J, note 1.

**FISCAL AGENCY OPERATING
CIRCULAR NO. 2**

**TELEGRAPHIC TRANSFERS OF MARKETABLE
TREASURY AND AGENCY SECURITIES IN BEARER
OR BOOK-ENTRY FORM BETWEEN
FEDERAL RESERVE BANKS**



**FEDERAL RESERVE BANK OF DALLAS
FISCAL AGENT OF THE UNITED STATES**

SCOPE

This circular contains information concerning the telegraphic transfers of unmatured marketable bearer or book-entry securities of the United States and of certain eligible Agencies by the Federal Reserve Banks.

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- 1.00 Right to alter circular
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Section 2, TRANSFERS AUTHORIZED

- 2.00 Types
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- 3.00 New instructions needed
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- 4.00 Closing hour
- 4.05 Supplement

**Section 5, SUBMISSION OF REQUESTS
AND SECURITIES**

- 5.00 Requirements
- 5.05 Coupons

Section 6, FEES

Appendix A — Time Schedule

Appendix B — Fee Schedule

Section 1, GENERAL**1.00 Right to alter circular**

The right is reserved to withdraw, add to, or amend, at any time, any of the provisions of this circular.

1.05 Reference to Federal Reserve office

"Federal Reserve office" means a Federal Reserve Bank or Branch.

1.10 References to this Bank

Unless otherwise stated, all references to the Federal Reserve Bank of Dallas, or "this bank" include the Head Office and the Houston, San Antonio, and El Paso Branches.

1.15 Privilege not a right

The telegraphic transfers of securities are provided as a privilege and not as a right conferred on the holders of securities, and all such transfers are conditioned on the availability of facilities of the Federal Reserve offices, without responsibility on their part for delays in effecting deliveries for any reason.

Section 2, TRANSFERS AUTHORIZED**2.00 Types**

Approved "on-line" institutions and this bank, as fiscal agent of the United States, are authorized to make telegraphic transfers of outstanding, unmatured, marketable bearer or book-entry securities of the United States (Treasury Bonds, Treasury Notes, Treasury Certificates of Indebtedness, and Treasury Bills) for the owners of such securities, between Federal Reserve offices. Such authorization is also applicable to certain agency securities identified in Appendix B of this bank's Bulletin 14 entitled "Book-Entry Securities".

2.05 Times

Transfers may be conducted on any business day prior to the date on which the security has been called for redemption or the maturity date of the security involved in the transfer.

Section 3, LIMITATIONS OF TRANSFERS**3.00 New instructions needed**

Whenever a Federal Reserve office, which is located in the city in which securities are to be delivered in accordance with a transfer by wire, is unable to deliver the securities before the close of business on a day that is, for that Federal Reserve office, either the last business day of a calendar month, or the last business day preceding an interest payment date for the securities involved, the securities will not be delivered until new instructions are received from the transferor.

3.05 Transfer cancelled

Whenever a Federal Reserve office is unable to deliver the securities before the close of business on the last business day for that office preceding either the date of maturity or the date on which the securities involved have been called for redemption, the transfer will be cancelled.

3.10 No combining of transfers

Securities of two or more different issues may not be combined in a single transfer, nor may securities to be delivered to two or more recipients be combined in a single transfer.

Section 4, TIME LIMITATIONS**4.00 Closing Hour**

The closing hour for receiving requests for such transfers of securities is 2:30 p.m. local time of the Federal Reserve offices to which the transfers are to be made, but not later than 2:30 p.m. local time of the Federal Reserve office from which the transfers are to be dispatched.

4.05 Supplement

A table of closing hours of Federal Reserve offices may be found in Appendix A of this circular.

Section 5, SUBMISSION OF REQUESTS AND SECURITIES**5.00 Requirements**

A written request from a designated official

directing the transfer of the securities should accompany the deposit of the securities, unless the securities are already on deposit with this bank. Instructions by telephone will be recorded as will the callback for verification of the transaction. The request should set forth the following information:

- (a) Description of the issue and amount of securities to be transferred;
- (b) Name and address of transferee (include not only bank to which delivery is to be made but also indicate whose account);
- (c) Date on which delivery is to be consummated; and
- (d) Statement as to whether delivery is to be made against payment or against receipt, and, if against payment, the specific amount of money to

be paid.

5.05 Coupons

Securities deposited for telegraphic transfer should have all unmatured coupons attached. If securities are presented with unmatured coupons missing, the securities will be accepted for telegraphic transfer provided the face amount of the unmatured missing coupons is paid to this bank with the deposit of such securities. Upon payment for unmatured missing coupons, securities with a full complement of unmatured coupons attached will be delivered.

Section 6, FEES

Fees will be charged according to the fee schedule in Appendix B. We reserve the right to change these fees from time to time.

Appendix A

REVISED CLOSING HOURS AT FEDERAL RESERVE OFFICES
FOR CPD TRANSFERS ADDRESSED TO POINTS HAVING THE
SAME OR A LATER CLOSING HOUR

BANK OR BRANCH	LOCAL OFFICE TIME	TIME IN OTHER ZONES			
		EST	CST	MST	PST
BOSTON	2:30 p.m. EST		1:30	12:30	11:30
NEW YORK	2:30 p.m. EST		1:30	12:30	11:30
Buffalo	2:30 p.m. EST		1:30	12:30	11:30
PHILADELPHIA	2:30 p.m. EST		1:30	12:30	11:30
CLEVELAND	2:30 p.m. EST		1:30	12:30	11:30
Cincinnati	2:30 p.m. EST		1:30	12:30	11:30
Pittsburgh	2:30 p.m. EST		1:30	12:30	11:30
RICHMOND	2:30 p.m. EST		1:30	12:30	11:30
Baltimore	2:30 p.m. EST		1:30	12:30	11:30
Charlotte	2:30 p.m. EST		1:30	12:30	11:30
ATLANTA	2:30 p.m. EST		1:30	12:30	11:30
Birmingham	2:30 p.m. CST	3:30		1:30	12:30
Jacksonville	2:30 p.m. EST		1:30	12:30	11:30
Miami	2:30 p.m. EST		1:30	12:30	11:30
Nashville	2:30 p.m. CST	3:30		1:30	12:30
New Orleans	2:30 p.m. CST	3:30		1:30	12:30
CHICAGO	2:30 p.m. CST	3:30		1:30	12:30
Detroit	2:30 p.m. EST		1:30	12:30	11:30
ST. LOUIS	2:30 p.m. CST	3:30		1:30	12:30
Little Rock	2:30 p.m. CST	3:30		1:30	12:30
Louisville	2:30 p.m. EST		1:30	12:30	11:30
Memphis	2:30 p.m. CST	3:30		1:30	12:30
MINNEAPOLIS	2:30 p.m. CST	3:30		1:30	12:30
Helena	2:30 p.m. MST	4:30	3:30		1:30
KANSAS CITY	2:30 p.m. CST	3:30		1:30	12:30
Denver	2:30 p.m. MST	4:30	3:30		1:30
Oklahoma City	2:30 p.m. CST	3:30		1:30	12:30
Omaha	2:30 p.m. CST	3:30		1:30	12:30
DALLAS	2:30 p.m. CST	3:30		1:30	12:30
El Paso	2:30 p.m. MST	4:30	3:30		1:30
Houston	2:30 p.m. CST	3:30		1:30	12:30
San Antonio	2:30 p.m. CST	3:30		1:30	12:30
SAN FRANCISCO	2:30 p.m. PST	5:30	4:30	3:30	
Los Angeles	2:30 p.m. PST	5:30	4:30	3:30	
Portland	2:30 p.m. PST	5:30	4:30	3:30	
Salt Lake City	2:30 p.m. MST	4:30	3:30		1:30
Seattle	2:30 p.m. PST	5:30	4:30	3:30	

Appendix B
FEE SCHEDULE

Security transfers:

Originated On-Line	per transaction	\$2.00
Originated Off-Line	per transaction	\$8.50*
Received Off-Line	per transaction	\$6.50

*composed of the off-line origination fee of \$2.00 plus the \$6.50 off-line surcharge.