

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 83-87
July 12, 1983

NEW SERVICE

SIGHT DRAFT COLLECTION

TO ALL DEPOSITORY INSTITUTIONS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

The Eleventh Federal Reserve District has been granted authority to collect sight drafts and other noncash collections in a pilot program beginning August 10, 1983. This new service will be offered in addition to the collection services for municipal coupons and bonds which are presently offered.

The Dallas office has conducted a test study with automobile sight drafts since February with a local credit union. Following successful test results, the service is now being broadened to include all financial institutions at a cost of \$5 per item.

The basic procedure to be used for the collection of sight drafts and other noncash items excluding coupons and bonds is as follows:

1. The sending institution sends the items to the local office of the Federal Reserve Bank of Dallas using its collection form.
2. The items are received by this Bank and sorted to the paying institution. No inspection is made to verify the transaction is in good order.
3. A collection letter is prepared by this Bank covering the item and sent to the paying institution by ordinary mail unless other arrangements have been made by the paying institution.
4. The paying institution returns the last copy of our collection letter to this Bank, bearing a "paid" stamp. Credit and debit entries are then made to the sending and paying institutions, respectively, either to the reserve or clearing account of each institution or to that of a correspondent bank as requested. Auto charge will not apply to this service.
5. If the item is refused by the paying institution, it is returned to this Bank with the collection letter and an explanation for the refusal.

Questions regarding this service should be directed to C. L. Vick, (214) 651-6263 at the Head Office; William L. Wilson, (915) 544-4730 at the El Paso Branch; Andrew W. Hogwood, (713) 659-4433 at the Houston Branch; or Tony G. Valencia, (512) 224-2141 at the San Antonio Branch.

Additional copies of this circular will be furnished upon request to the Public Affairs Department, Extension 6289.

Sincerely yours,

A handwritten signature in cursive script that reads "William H. Wallace". The signature is written in dark ink and is positioned above the printed name and title.

William H. Wallace
First Vice President