



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT

August 13, 1986

DALLAS, TEXAS 75222

Circular 86-69

TO: The Chief Executive Officer of all
depository institutions in the
Eleventh Federal Reserve District

SUBJECT

Revised Bulletin 9, Collection of Noncash Items

DETAILS

The Eleventh District has revised its Bulletin 9 and appendices to conform with current practices.

ATTACHMENTS

Attached is a copy of the revised Bulletin 9. Please substitute the revised copy for the current copy in Volume 1 of your Regulations Binder.

MORE INFORMATION

For more information please contact the following individuals: Tyrone Gholson, (214) 651-6263 at the Head Office; John Rogers, (214) 651-6228, of the Legal Department at the Head Office; Robert W. Schultz, (915) 544-4730 at the El Paso Branch; Luke E. Richards, (713) 659-4433 at the Houston Branch; or Tony G. Valencia, (512) 224-2141 at the San Antonio Branch.

Sincerely yours,

BULLETIN 9

Collection of Noncash Items



FEDERAL RESERVE BANK OF DALLAS

SCOPE

This bulletin contains the terms and conditions under which we will handle noncash items for collection.

TABLE OF CONTENTS

	PARAGRAPHS
General	1-3
Items Handled as Noncash Items	4-5
Time Items	
Demand Items	
Items Not Handled by This Bank	6-8
Checks and Other Demand Items Handled as Noncash Items	9-15
Preparation of Collection Letters	
Availability of Proceeds	
Photographic Copies	
Presentment for Acceptance	
Coupons and Other Securities	16-27
Preparation of Cash and Collection Letters	
Securities Other Than Coupons	
Coupons	
Mixed Coupon Deposits	
Acceptances and Other Noncash Items	
Availability of Credit	
Payment for Securities	
Other General Provisions	28-41
Indorsements	
Direct Routing to Other Districts	
Statements of Account	
Return of Items	
Uniform Instructions	
Instructions on Protest and Advice of Non-Payment	
Requesting Wire Advice	
Charges	
Right to Amend	42
Appendix A—Payment Vouchers on Letters of Credit	
Appendix B—Treasury and Agency Coupons Received for Payment	
Appendix C—Automatic Charge Payments for Municipal and Corporate Coupons/Bonds	
Appendix D—Fee Schedule	
Appendix E—Credit Availability Time Schedule	

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 a noncash item is sent to another Reserve Bank, that Reserve Bank handles the item subject to its bulletin. We give credit to the sender for the item in accordance with this bulletin. When we send or present a noncash item direct to a bank (other than a Reserve Bank) or nonbank payor in another Federal Reserve District, that bank or nonbank payor is governed by this bulletin.

3. All terms defined in Regulation J have the same meaning in this bulletin. The term "bank" includes a depository institution as defined in Section 19 of the Federal Reserve Act. 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. The term "security" includes bonds, debentures, coupons and similar securities. 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) A maturing security (other than obligations of the United States, one of its agencies and instrumentalities, or one of certain international organizations).¹

Special provisions governing time items are found in paragraphs 16-27 of this bulletin.

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 11 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

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

- (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 as a non-cash item an item that is not amount encoded if the item could be sent as a cash item under our time schedule.

Special provisions governing these demand items are found in paragraphs 9-15 of this bulletin.

- (c) Any other demand item, drawn on a bank, that is not collectible as a cash item, including:³
- (i) A bill of exchange or draft with a security, bill of lading or other document attached; and
 - (ii) A draft or order on a savings deposit with a passbook attached.

Special provisions governing these items are referred to in paragraph 24 of this bulletin.

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 210.2 of Regulation J.

ITEMS THAT WE DO NOT HANDLE

6. A sender should not send to us for handling as a noncash item an item described in paragraph 4 of this bulletin, if:

- (a) The item is payable by or through an office of the sender, unless we elect otherwise;

- (b) 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;
- (c) The item is a check and cannot be collected at par;
- (d) the item has been dishonored two or more times, unless we elect otherwise;
- (e) the item is a note or certificate of deposit;
- (f) the item is a draft, whether accepted or not, that is payable at a bank but not drawn on a bank; or
- (g) 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, except as provided in paragraph 14 of this bulletin regarding presentment for acceptance.

8. We may refuse to handle securities deposited by a paying bank that has refused to authorize payment for securities by a charge to an account on our books. 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 required times. We also 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.

CHECKS AND OTHER DEMAND ITEMS HANDLED AS NONCASH ITEMS

Preparation of Collection Letters

9. A sender should send demand 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

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.

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.

paying bank or nonbank payor; (d) the place of payment, maturity, and amount of the item; (e) a clear identification of any documents attached to the item; and (f) any special instructions on handling, including instructions on protest and advice of credit or nonpayment.

Availability of Proceeds

10. We give credit for demand noncash items (as well as securities in collection letters) when we receive payment in actually and finally collected funds, or advice from another Reserve Bank of such payment. This credit at once qualifies as reserve for purposes of Regulation D and is available for withdrawal or other use by the sender. If payment is by bank draft or by check drawn on a bank other than the paying bank, we give credit, subject to payment in actually and finally collected funds, in accordance with the time schedules issued under our Bulletin No. 8, "Collection of Cash Items".

Photographic Copies

11. 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.

12. A correctly prepared photocopy must bear the sender's current indorsement and the following 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.

13. 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.

Presentment for Acceptance

14. 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 15 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.

15. 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 thirty (30) days or less after sight or by its terms matures thirty (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
- (b) If the item is payable more than thirty (30) days after sight, or by its terms matures more than thirty (30) days after we receive it, the item will be returned to the sender.

COUPONS AND OTHER SECURITIES

Preparation of Cash Letters and Collection Letters

Securities Other Than Coupons

16. A sender shall separate securities (other than coupons) that it sends to us for collection into the following classes, with a totaled separate letter for each class:

- (a) **Country Collection Letter**—Securities (other than coupons) payable outside the city of the Reserve office where the sender maintains an account.
- (b) **City Collection Letter**—Securities (other than coupons) payable in the city of the Reserve office where the sender maintains an account.

We give credit for securities in collection letters when we receive payment in actually and finally collected funds, as provided in paragraph 10 of this bulletin.

17. Securities (other than coupons) should be (a) sorted according to issue, (b) accompanied by the same information as accompanies coupons, and (c) listed and described on the sender's totaled collection letter in the same manner as provided for coupons in paragraph 19 of this bulletin.

18. We urge senders to send securities that are payable by any of several paying agents direct to the Reserve Bank that is located in the same District as the paying agent nearest the sender.

Coupons

19. A sender shall enclose coupons in a separate sealed window envelope for each issue, series and maturity so that the face of a coupon is visible. Envelopes should conform to our specifications. The sender should list in the space provided on the envelopes, (a) the sender's and its depositor's names, (b) the sender's collection number, and (c) a brief description of the coupons enclosed, including the number of coupons,

denomination value, and total dollar value. A sender should list and describe each envelope by collection number on its totaled letter and enclose a completed standard deposit ticket with each letter. Some insurance that Reserve Banks obtain may be conditioned on verification by a bank of the contents of window envelopes when the coupons are enclosed, and on the bank's retention of a complete description of the coupons, including serial numbers. We may charge back to the sender securities lost in transit if the sender does not supply adequate records. We do not keep any records of items that we handle in end-point-sorted cash letters.

20. Unless otherwise permitted a sender shall separate coupon envelopes into the following classes, with a totaled separate letter and a completed standard deposit ticket for each class and, as to matured coupons, for each maturity date:

- (a) **Matured City Coupon Cash Letter**—Due or past due coupons payable in the city of the Reserve office where the sender maintains an account.
- (b) **Unmatured City Coupon Cash Letter**—Coupons due in the future payable in the city of the Reserve office where the sender maintains an account.
- (c) **Matured Country Coupons Cash Letter**—Due or past due coupons payable outside the city of the Reserve office where the sender maintains an account.
- (d) **Unmatured Country Coupon Cash Letter**—Coupons due in the future payable outside the city of the Reserve office where the sender maintains an account.

In this classification, maturity is determined with reference to the date of first receipt by a Reserve Bank.

21. We handle coupons contained in sealed window envelopes on a "said to contain" basis. We have no responsibility for verifying that the envelopes actually contain the coupons listed

and described in the sender's collection letter or on the envelopes.

22. Before sending a coupon to us, a sender should determine whether an ownership certificate is required by law or by the issuer to be attached to the coupon.

Mixed Coupon Deposits

23. A sender may deposit a coupon cash letter containing a mixture of city and country coupons, sorted only as to whether they are due or due in the future. Credit for such a cash letter will be granted according to our time schedules.

Acceptances and Other Noncash Items

24. Acceptances and demand items with documents attached should be sorted and listed in accordance with paragraph 9 of this bulletin.

Availability of Credit

25. We give credit for bankers' acceptances and coupons subject to payment in actually and finally collected funds, as provided in our time schedules. Credit for banks' acceptances and coupons qualifies for reserve for purposes of Regulation D and is available for withdrawal or other use as specified in our time schedules. Because our time schedules do not show the time required for collection in actually and finally collected funds of bankers' acceptances and coupons our advices cannot be considered advices of final payment on the dates we make credit available. We reserve the right to refuse to permit a sender to withdraw or otherwise use any credit until we receive payment in actually and finally collected funds.

26. 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.

Payment for Securities

27. Except as otherwise agreed between a Reserve Bank and a paying bank (or nonbank

payor), we or a subsequent collecting bank may present, or send for presentment, to the paying bank (or nonbank payor) any 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 assume no responsibility for determining whether a paying bank (or nonbank payor) has taken all action necessary for return of securities within applicable times.

OTHER GENERAL PROVISIONS

Indorsements

28. Noncash items (other than securities) sent to us, or to another Reserve Bank direct for our account, should be indorsed: (a) without restriction to, or to the order of, the Reserve Bank to which sent, (b) to, or to the order of, any bank, banker, or trust company, or (c) with equivalent words or abbreviations. The sender's indorsement should be dated and should show its institutional identifier, if any, in prominent type on both sides of the indorsement.

29. If we receive a noncash item (other than a security) without the sender's indorsement, we may (a) present or send the item as if it bore the sender's indorsement, (b) place on the item the sender's name and date we received it, or (c) return the item to the sender for proper indorsement. We make the warranties stated in Section 210.6(b) of Regulation J by presenting or sending a noncash item (or an instrument that we handle as a noncash item under paragraph 5 of this bulletin) whether or not the item bears our indorsement.

Direct Routing to Other Districts

30. A sender that maintains or uses an account

with us and that has noncash items payable in another District may send the item directly to the Reserve office of that District under procedures we prescribe. Under Section 210.4 of Regulation J, items sent direct are deemed to have been handled by us.

Statement of Account

31. An 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 Items

32. 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, or nonbank payor, and charge our sender, only if the sender specifically authorizes us to do so.

Uniform Instructions

33. Except as provided in paragraphs 35 and 36 of this bulletin, we disregard special instructions noted on or attached to a noncash item itself if they are not supported by the instructions in the collection or cash letter.

34. Except as provided in paragraph 27 of this bulletin with respect to securities, 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 collection 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 Advice of Nonpayment

35. Absent specific instructions to the contrary in the sender's collection letter, and except as provided in paragraph 36 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 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.

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

37. The paying bank, or if none, the subsequent collecting bank, is responsible for making any required protest, except as otherwise provided 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.

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.

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

Requesting Wire Advice

39. 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

40. Our schedule of charges 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.

41. (a) No bank or nonbank payor may make 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 to us, we give credit to the sender for the net proceeds.

Right to Amend

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

APPENDIX A**PAYMENT VOUCHERS ON LETTERS OF CREDIT**

1. We handle payment vouchers on letters of credit for Government grants and contributions as noncash items under an agreement between the Secretary of the Treasury and the Federal Reserve Banks as depositaries and fiscal agents of the United States.

2. We pay vouchers as fiscal agents of the United States by giving credit to the sender's reserve or other account. The credit becomes final as between us and the sender when we debit the amount of the payment vouchers against the general account of the United States Treasury under symbol numbers assigned by it.

3. If we do not pay a payment voucher, we promptly advise the sender by telephone or wire at the cost of the Treasury, and forward the voucher, and any copy of it that may accompany

it, to the Treasury Department with advice of the reason for nonpayment. We have no further obligation or liability regarding the payment voucher.

4. The agreement between the Secretary of the Treasury and the Reserve Banks provides that: (a) no claim for refund or otherwise with respect to a payment voucher debited against the general account of the United States Treasury (other than a claim based on a Reserve Bank's negligence) may be made against or through a Reserve Bank; (b) the Federal agency will deal directly with the party against which the claim is made; and (c) any Reserve Bank indorsement or legend containing the words "prior indorsement guaranteed" or words of similar import will have no effect except to identify the voucher as having been received by the Reserve Bank.

APPENDIX B**TREASURY AND AGENCY
COUPONS RECEIVED FOR PAYMENT**

1. When we receive for collection coupons from obligations of the United States and its agencies and instrumentalities we pay them as fiscal agent of the obligor.

2. Senders should list coupons on schedules (Form CPN-3) available upon request from us.

(a) Coupons from obligations of the United States should be listed on CPN-3 ascending order of coupon value and by progressive due date in the case of coupons of like denomination.

(b) Coupons from obligations of agencies or instrumentalities of the United States should be listed on a separate CPN-3 according to issue and in ascending order of coupon value.

3. Senders should attach appropriate certificate forms (such as the alien withholding exemption form obtained from the nearest District Director of Internal Revenue) to coupons from obligations of the United States and its agencies

and instrumentalities that are sent to us for collection.

4. We do not handle coupons from obligations of the International Bank for Reconstruction and Development or the Inter-American Development Bank for collection. Senders may send these coupons directly to the Federal Reserve Bank of New York, for payment for our account, in accordance with that Reserve Bank's bulletin. We give credit for the coupons in the sender's reserve or other account when we receive advice of payment from the Federal Reserve Bank of New York.

5. We give immediate credit in the sender's reserve or other account, subject to final payment for due or past due coupons that are listed on a separate form CPN 3 and are received by us by 2:00 p.m. on our banking day. If a deposit contains a mixture of due and future due coupons, we reserve the right to give credit on the latest maturity date for all coupons enclosed. We also reserve the right to return coupons due more than fifteen (15) banking days after receipt.

APPENDIX C

AUTOMATIC CHARGE PAYMENTS FOR MUNICIPAL AND CORPORATE COUPONS/BONDS

1. This Bank presents or forwards for presentment coupons and corporate and municipal bonds under Regulation J, our bulletin No. 9, and this Appendix C. As used in this Appendix C, unless the context otherwise requires, "payor" means a member bank, nonmember bank, or nonbank payor of a bond and/or coupon. We will make autocharges to the payor's reserve account, or that of a designated correspondent, for payment of municipal bonds and/or coupons forwarded to payors who have executed an appropriate agreement form. This charge will be made for the full amount of the forwarded coupon cash letter, or bond collection letter automatically on a fixed time schedule. Separate credits will be passed for any items returned to this Bank unpaid.

Method of Payment

2. A depository institution that maintains an account with this Bank agrees to these terms by executing an Automatic Charge Authorization-Agreement (form COLL-187). If the charge is not to be posted to the payor's account on this Bank's books, but instead to the account of another depository institution ("correspondent"), the payor and its correspondent agree to these terms by executing form COLL-188. Under those agreements, we may charge to an account on our books the amount of coupons or bonds presented or forwarded for presentment by us.

Time of Payment—Coupons

3. A coupon shall be paid on the "payment date," unless it is presented with special payment instructions. A coupon presented with special payment instructions shall be paid in accordance with those instructions. The "payment date" is on the later of:

- (a) the banking day following the banking day the coupons are presented to the payor or
- (b) the banking day following the maturity date

of the coupons; for coupons delivered by mail, on the later of:

- (i) the third banking day following the banking day that the coupons were mailed or
- (ii) the banking day following the maturity date of the coupons.

Should changes in actual presentment times be altered as a result of delivery schedules, the payor will notify this Bank to establish as adjusted settlement date and those coupons will be handled as coupons presented with special instructions which must be paid in accordance with the instructions.

4. On the payment date, we will charge to the payor's or correspondent's account on our books the amount of coupons payable on the payment date. We will provide each payor and/or correspondent with a daily advice of all debits, credits, and adjustment entries made to its account on our books for coupons presented to it. The payor or correspondent should examine the advice promptly, and notify us immediately of any discrepancies between the advice and its records.

Returns of Coupons

5. In order to receive a refund for a charge made to an account on our books, the payor must return the coupon in the original envelope. We will give credit within five business days after we receive the unpaid coupon.

Time of Payment—Bonds

6. A charge is made to the payor for matured corporate and municipal bonds under the same schedule used for coupon automatic charge payments, refer to paragraph 3. Where there is an autocharge a simultaneous credit is made to the depositor for the proceeds of the bonds.

If matured corporate or municipal bonds are payable out-of-district or at a paying institution who has not executed an automatic charge agreement, these bonds are handled strictly on a collection basis. When bonds are handled on a collec-

APPENDIX C (Continued)**Time of Payment—Bonds (Cont.)**

tion basis credit will be passed to the depositor when advice of remittance or other payment authorization is received by this Bank from the payor.

Termination

7. We may revoke an authorization under this Appendix C at any time by prior written notification to a payor or its correspondent. The revocation shall be effective when received by the correspondent or by the payor. A payor or a correspondent may revoke an authorization under

this Appendix C by prior written notification. The revocation shall be effective when received by the Noncash Collection Division at the Head Office or the El Paso, Houston, and San Antonio Branches from a payor in the respective territory. Termination shall not affect our right to make any charge or credit required by, or incidental to, any transaction before the termination is effective.

Right to Amend

8. We reserve the right to withdraw, add to, or amend any portion of this Appendix upon five business days prior notice to each payor or correspondent that has agreed to its provisions.

Appendix D
FEE SCHEDULE

LOCAL COUPONS FROM IN-DISTRICT DFI'S	\$ 3.00
LOCAL COUPONS FROM OUT-OF-DISTRICT DFI's	\$ 3.50
INTER-DISTRICT COUPONS	
FINE SORT	\$ 3.25
MIXED	\$ 4.50
RETURN ITEMS	\$10.00
BOND REDEMPTIONS AND SALES (ACTUAL SHIPPING COSTS ADDITIONAL)	\$20.00

Appendix E

CREDIT AVAILABILITY TIME SCHEDULE

We give credit for banker's acceptances drawn on depositors in a Reserve Bank, subject to payment in actually and finally collected funds, in accordance with the following schedule, if we receive the banker's acceptances sufficiently in advance to permit us to forward them in time to reach the place of payment at least one banking day before maturity:

Place Payable	Credit Available
Reserve Bank or Branch cities	On maturity date
Elsewhere	1 banking day after maturity

We give credit for coupons in a coupon cash letter, subject to payment in actually and finally collected funds, in accordance with the 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	5 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.	1 banking day after maturity

For coupons received in a mixed deposit (city and country unsorted) the following credit availability is given:

PAST DUE	5 banking days after receipt
FUTURE DUE	1 banking day after maturity