



**FEDERAL RESERVE BANK
OF DALLAS**

WILLIAM H. WALLACE
FIRST VICE PRESIDENT
AND CHIEF OPERATING OFFICER

February 10, 1988

DALLAS, TEXAS 75222

Circular 88-14

**TO: All financial institutions in the
Eleventh Federal Reserve District**

SUBJECT

Revisions to Bulletins 8, 9 and 10

DETAILS

Revisions to the Federal Reserve Bank of Dallas' Bulletin 8, "Collection of Cash Items" have been made to conform the bulletin to changes made earlier to the Federal Reserve Board's Regulation J and to make certain operational changes as noted below. Amendments necessary to Bulletin 9, "Collection of Noncash Items," and to Bulletin 10, "Time Schedules and Other Information Concerning Cash Items" also have been made. A copy of each of these bulletins is attached.

For Bulletin 8, the revisions state that if the Federal Reserve Bank of Dallas missends a check to a bank not identified by name or number on the check, that bank must return the check promptly to the Dallas Fed's adjustment department. The check should not be returned in a return item letter or be sent in a separate cash letter. Under this same provision, a bank identified on a check by routing number only should treat the check as an one payable by the bank. If the bank decides not to pay the check, it should be returned as a normal return item. An erroneous routing number should be invalidated by punching out the start and stop symbols of the MICR line routing number to prevent redelivery of the item. Notice of nonpayment is not required in either of these cases.

Other revisions to Bulletin 8 include a procedure for disputing the timeliness of return items. The revision requires that the sender's allegation of late return form be submitted within six months from the return of the item. The revision also states that the paying bank's denial of late return form must be received by the Reserve Bank within 15 banking days (for the Reserve Bank) after it sent the sender's form to the paying bank. No credit will be given to the paying bank if this procedure is not followed.

The provisions for protest of cash items in certain cases have been deleted as unnecessary. If a bank desires protest of dishonor of an item, it may send the item as a noncash item specifically requesting that protest be

made. This provision of Bulletin 8 has been included in the amendments to Bulletin 9.

Other changes to Bulletin 8 include changes to conform the bulletin to recent revisions to Regulation J. For example, Friday observance of Saturday holidays are no longer excluded in computing the deadline for large-dollar return item notification. In addition, paying banks are required to keep records of notifications for the two-year period within which claims may be brought under Regulation J.

To conform Bulletin 10 to this provision, a revised holiday schedule has been added.

ENCLOSURES

Enclosed are the revised Bulletins 8, 9 and 10. Please insert these in the appropriate place in your Regulations Binders.

MORE INFORMATION

For more information on the bulletins, please contact one of the following individuals. For additional copies of the bulletins, please contact the Public Affairs Department at (214) 651-6289.

Information on Bulletins 8, 9 and 10:

John N. Rogers	Legal Department	(214) 651-6182
Jack C. Clymer	Checks Department	(214) 651-6337
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Sincerely yours,



BULLETIN 8

Collection of Cash Items



FEDERAL RESERVE BANK OF DALLAS

SCOPE

This bulletin contains the terms and conditions under which we will handle cash items for collection and other instructions regarding the handling, return, and adjustment of cash items.

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COLLECTION OF CASH ITEMS
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GENERAL

1. Subpart A of Regulation J ("Regulation J") of the Board of Governors of the Federal Reserve System ("Board"), this operating bulletin, and our time schedules apply to the handling of all checks and other cash items that we accept for collection and all bank drafts and other forms of payment that we receive for such items. This bulletin also contains instructions to paying and collecting banks for handling and paying checks and other cash items contained in cash letters received from this Bank. Additional provisions for the collection of cash items through our Regional Check Processing Centers are included in Bulletin 13. This bulletin is issued pursuant to Section 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 cash item, and on other parties interested in the item, including the owner.

2. Each Reserve Bank has issued a bulletin substantially similar to this one. When we send a cash item to another Reserve Bank, that Reserve Bank handles the item subject to its bulletin and time schedules. We give credit to the sender for the item in accordance with our time schedules.

3. The definitions of terms set forth or incorporated in Regulation J apply 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 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.

4. This bulletin applies to any State or political subdivision of a State to which we present direct, as cash items, bills, notes, and warrants that are issued by the State or political subdivision and are payable in the Eleventh Federal Reserve District. Each such issuer is treated as a paying bank and each day on which the issuer is open for the regular conduct of its affairs or the accommodation of the public is treated as a "banking day" for the issuer.

ITEMS THAT WE HANDLE AS CASH ITEMS

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

(a) Checks payable in a State,¹ including postdated checks, except checks drawn on a bank included in the Board's current "memorandum on Exchange Charges" indicating banks not paying checks at par;

(b) Government checks, postal money orders, and food coupons²; and

(c) Other demand items, collectible at par in funds acceptable to the Reserve Bank of the Federal Reserve District ("District")³ in which the items are payable, that we are willing to accept as cash items.

6. 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 cash item if it qualifies as a

1. Under 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.
2. Provisions governing the collection of Government checks and postal money orders are contained in Appendices A and B of this Bulletin. Provisions governing the collection of food coupons are contained in Bulletin 5, Currency, Coin and Food Coupons.
3. The Virgin Islands and Puerto Rico are deemed to be in the Second District, and Guam, American Samoa and the Northern Mariana Islands are deemed to be in the Twelfth District. Regulation J, note 1.

cash 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 AS CASH ITEMS

7. A sender should not send an item to us for handling as a cash item if:

(a) A passbook, certificate, or other document is attached to the item;

(b) Special instructions, including a request for special advice of payment or dishonor, accompany the item;

(c) The item consists of more than a single thickness of paper, except as provided in paragraphs 69 and 70 of this bulletin regarding photocopies, but we do handle as a cash item a mutilated, erroneously-encoded, or other cash item contained in a carrier that qualifies for handling by high-speed check processing equipment; or

(d) Except as provided in Paragraphs 69 and 70 of this bulletin regarding photocopies, the item has not been preprinted or postencoded, as prescribed by the American Bankers Association, before we receive it with (1) the Federal Reserve routing symbol and the suffix of the institutional identifier⁴ of the paying bank (or nonbank payor), and (2) except as provided in our time schedule, the dollar amount of the item. We handle these items as cash items, however, when we judge that special circumstances justify such handling; or

(e) The item does not state on its face the city and state address of the paying bank associated with the routing number on the item.

These items should be sent to us for collection only as noncash items under our Bulletin No. 9, "Collection of Noncash Items."

8. We encourage senders not to send to us an item payable by or through an office of the sender.

9. We do not handle an item that has been dishonored two or more times. We reserve the right to return an item or to handle it as a noncash item if it has been dishonored once, or if we judge that special conditions require that it be so handled.

10. If an item that we do not handle as a cash item is sent to us in a cash letter, we reserve the right, in our discretion, either to charge it back and return it to the sender, or to handle it as a cash item. In addition, we reserve the right to return and charge back a cash letter that does not conform to the sorting requirements of this bulletin and our time schedules.

COLLECTION AND PRESENTMENT

11. Under Section 4-204(1) of the Uniform Commercial Code, a collecting bank must send items by reasonably prompt methods. Accordingly, we discourage indirect routing of cash items. Senders should not send to us, or to other Reserve Banks for our account, items that are payable in other Districts and that bear the endorsements of banks located in other Districts if it is evident that the items have been routed indirectly.

12. We do not by this bulletin, or otherwise, agree to present, or cause presentment of, an item earlier than is required by State law. We have no responsibility for giving notice to senders of anticipated delays in presentment or re-

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

turn of cash items unless the delay is expected to involve at least ten paying banks and to last at least three banking days. We reserve the right to return without presentment an instrument payable by or through a bank that is designated in the Board's "Memorandum on Exchange Charges" or that has been reported closed.

PREPARATION OF CASH LETTERS

13. All cash items sent to us, or to another Reserve Bank direct for our account, may be listed by amount without further description in tape listings accompanying cash letters. All cash letters and tape listings should be dated and identified with the sender's name and nine-digit routing number, if any.

14. Each sender should keep records that permit it to identify its depositors or indorsers on items so that the sender can take appropriate action if an item is lost or destroyed. We do not generally keep copies or descriptions of items. We do not keep any records of items in end-point-sorted cash letters that we handle without our indorsement. We have no responsibility for describing a lost or destroyed item that we charge back to a sender, or for obtaining from another person reimbursement or insurance for a sender's cost or other loss, except as provided in Appendix A concerning Government checks.

15. We reserve the right to require banks located in the same city, town, metropolitan or similar area to sort, list, and package items payable in the same area according to the office of the paying bank where the items are payable. We also reserve the right to require separate sorts of cash items, and separate sorts of Government checks, postal money orders, and food coupons. Our time schedules contain other instructions for sorting and listing cash items.

Indorsements

16. All cash items 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.

17. If we receive a cash item 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 indorsement and the 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 cash item (or an instrument that we handle as a cash item under paragraph 6 of this bulletin), whether or not the item bears our indorsement.

Direct Sending to Other Reserve Offices

18. A sender that maintains or uses an account with us and that has cash items payable in another District, or in the territory of another office of this Bank, may send the items directly to the Reserve office of that District or territory under procedures we prescribe. Under Section 210.4 of Regulation J, items sent direct are deemed to have been handled by us. Senders that by arrangement deliver cash items payable in other Districts to us or to another designated location for consolidated shipment should give us prior notice of any deviation from that arrangement.

TIME SCHEDULES AND AVAILABILITY OF CREDIT

19. We give immediate or deferred credit for all items that we accept as cash items in accordance

with our published time schedules. For cash letters containing items unsorted as to credit availability, we may defer credit for the longest period prescribed in our time schedules for any item enclosed.

20. Because in many instances our time schedules do not show the actual time required for collection, our advices cannot be considered advices of actual payment on the dates we make credit available. Credit is in all instances subject to our receipt of payment in actually and finally collected funds. We reserve the right to refuse to permit a sender to withdraw or otherwise use any credit (immediate or deferred) until we receive payment in actually and finally collected funds.

21. We enter credit at full face value in the reserve account or other appropriate account on the day we receive a cash item as follows:

Immediate Credit

Immediate credit at once qualifies as reserve for purposes of Regulation D and is available for use by the sender.

Deferred Credit

The amount entered as deferred credit does not qualify as reserve for purposes of Regulation D and is not available for use by the sender until the time specified in our time schedules. At that time we will transfer credit from the deferred account to the reserve account or other appropriate account.

DELIVERY AND PRESENTMENT

22. A paying bank that wants delivery and presentment of cash items to be made at an off-premises location in the same Reserve office territory as that where the paying bank is located may submit a request to us. For arrangements

involving delivery of cash letters to a processing organization, execution of special presentment agreement form TR-411 is required. A paying bank may also pick up cash items at this Bank by arrangement with us. The person to whom delivery is made as requested or who picks up the items is considered to be the paying bank's agent. Delivery and presentment of the items occur at the time the items are delivered to the off-premises location or are made available for pick-up as arranged. We may commingle cash items delivered to or picked up by a person other than the paying bank with other cash items delivered to or picked up by that other person.

23. A paying bank that wants delivery and presentment of cash items to be made at an off-premises location in a different Reserve office territory from that where the paying bank is located may submit a request to us. For arrangements involving delivery of cash letters to a processing organization, execution of special presentment agreement form TR-411 is required. In appropriate cases, we will attempt to arrange, at the paying bank's expense, transportation to the out-of-territory location that ensures presentment, in the ordinary course by public means, on the same banking day that presentment would have been made within the territory where the paying bank is located ("same-day delivery").

(a) If we arrange same-day delivery, delivery and presentment to the paying bank occur when the items are delivered to the out-of-territory location as requested, or when the items are shipped if scheduled transportation is cancelled or rescheduled and we do not arrange alternate same-day delivery.

(b) If we do not arrange same-day delivery, the paying bank may arrange for transportation of the items to the out-of-territory location, and delivery and presentment to the paying bank is considered to occur when we make the items available for shipment as requested.

The person to whom same-day delivery is made, or who receives the items for shipment if we do not arrange same-day delivery, is considered to be the paying bank's agent. We may commingle items delivered or shipped as requested by the paying bank with other cash items delivered or shipped to the same person out-of-territory.

PAYMENT FOR CASH LETTERS

24. A paying bank must pay for all cash items that it has not returned prior to the close of its banking day of receipt.⁵ Payment⁶ shall be made at par and by:

- (a) debit to an account on our books;
- (b) cash; or
- (c) in our discretion, any other form of payment.

The proceeds of any payment shall be available to us by the close of our banking day on the banking day of receipt of the item by the paying bank. If the paying bank's banking day of receipt is not a banking day for us, payment shall be made by the close of our next banking day; we may make appropriate adjustments as of the day of receipt (unless that day is Saturday) for purposes of computing reserves under the Board's Regulation D. Our terms for payment of cash items are contained in Bulletin No. 12 and No. 13 of this Bank.

25. As provided in Section 210.9(a)(2) of Regulation J, a paying bank that closes voluntarily on a day that is a banking day for us shall, with respect to a cash item made available to the pay-

ing bank, on that day, either (a) pay the amount of the item by the close of our banking day on that day, or (b) compensate for the value of the float associated with the item and pay the amount of the item, on the banking day of receipt of the item by the paying bank. A list of standard Reserve Bank holidays, and of other holidays in this District not considered voluntary, are set forth in our time schedule. We may charge the account on our books maintained or used by the paying bank for the amount of the item on the day we make the item available, unless the paying bank elects to compensate for the float associated with the item. The paying bank may elect to eliminate float by "as of" adjustment or pay for the float by explicit charge, as we prescribe with respect to interterritory float. An item is available to the paying bank if we deliver it or are prepared to deliver it as if the paying bank were open. A paying bank that pays for an item made available to it, or compensates for the float associated with the item, is not considered to receive the item until its next banking day, such as for purposes of determining the deadline for return of the item.

26. A subsequent collecting bank (other than a Reserve Bank) that is paid for a cash item shall make the proceeds available to us not later than the close of our banking day on the day the subsequent collecting bank receives the proceeds.

Differences and Adjustment

27. Unless a paying bank has otherwise agreed with us, a paying bank may pay for our cash

5. A paying bank is deemed to receive a cash item on its next banking day if it receives the item:

- (1) on a day other than a banking day for it; or
- (2) on a banking day for it, but
 - (a) after its regular banking hours;
 - (b) after a "cut-off hour" established by it in accordance with State law; or
 - (c) during afternoon or evening periods when it is open for limited functions only.

6. We charge against a paying bank's reserve or clearing account the amounts of cash letters that the paying bank receives directly or indirectly from us, unless it makes other arrangements for payment or issues instructions to the contrary with respect to a specific cash letter.

letter in an amount different from the total of the cash letter if the accompanying cash items do not prove to the amount of the cash letter. The bank should furnish at the time of payment a complete explanation of the difference on the form we provide. We request that paying banks not report adjustments of \$1.00 or less. We will adjust for amount encoding errors on cash items (a) upon receipt from a sender, or a paying or collecting bank, within six (6) calendar months from the date of the entry relating to the item, of a request and a photocopy of the front and back of the item showing the error, and (b) subject to receipt from the paying or collecting bank, or the sender of the item, as the case may be, of the amount of the requested credit or refund.

28. 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 of 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.

Missent Items; Items Identifying Bank Only by Routing Number

29. —Missent Items

(a) If we send to a bank as paying bank a cash item that does not contain either the routing number or the name of the bank as paying bank, and the bank determines not to pay the item, the bank is instructed to

send the item back to us promptly on a without entry basis with a request for credit or refund and a notation clearly indicating the reason for nonpayment, and we will promptly grant the credit or refund.

—Items Identifying Bank Only by Routing Number

(b) If we send to a bank as paying bank a cash item that contains the routing number of the bank, but does not contain the name of the bank as paying bank (including an item sent on the basis of erroneous or fraudulent MICR encoding), and the bank determines not to pay the item, the bank is instructed to treat the item as an item payable by or through the bank and

(i) to invalidate any erroneous use of its MICR routing number on the face of the item by punching out or obliterating the start and stop symbols of the routing number (and by cancelling any erroneous fractional routing number) to prevent redelivery to it; and

(ii) to return the item to us within the time and in the manner set forth in Section 210.12 of Regulation J with a notation clearly indicating the reason for nonpayment.

(c) A bank to which we sent an item covered by subparagraph (a) or (b) shall not send the item to us in a cash letter, and is not required to give notice of nonpayment to the depositary bank with respect to the item.

RETURN ITEMS

30. A paying bank may return to us with entry (that is, for credit or refund) a cash item for which it has previously made payment only if it returns the item within the time limits of Section 210.12 of Regulation J. We urge that a paying bank recover its payment by requesting a credit

to an account on our books, but a paying bank may return an item to us for refund.

31. A collecting bank that receives a cash item from a paying bank for return to us shall send the return item to us before midnight of its banking day next following the banking day it received the return item. A collecting bank that receives a credit or refund from us for an item it returns to us (a) warrants to us and to the sender and all prior parties that its return of the item was timely, and (b) agrees to indemnify us for any loss or expense sustained (including attorneys' fees and expenses of litigation) resulting from its breach of this warranty.

Returns Without Entry

32. A paying or collecting bank may return a cash item to us after the time limits described in paragraphs 30 and 31 of this bulletin only on a without entry basis (that is, with a request for credit or refund). Items returned without entry may include returns because of a missing or erroneous indorsement or because of a claim of breach of warranty, including a claim of forged indorsement with affidavit of forgery. We make refund to the paying or collecting bank and charge our sender for a without entry return only if the sender specifically authorized us to do so.

33. Under Section 210.5 of Regulation J, we may charge the account maintained or used by the sender of an item for the amount of any judgment, and of any attorneys' fees and expenses incurred, in certain actions against us or another Reserve Bank (or in certain actions whose defense is tendered to us or another Reserve Bank), including actions alleging breach of warranty, if we have tendered defense of the action to the sender. We assume no responsibility for defending the action if the sender does not itself undertake the defense.

Preparation of Return Items

34. A cash item returned unpaid should bear a notation clearly indicating the reason for nonpayment. We will handle the return item even if it does not indicate the reason for nonpayment.

35. If a cash item is being dishonored and returned for the first time, we urge the paying bank to stamp a star on the upper right area of the face of the item. If a cash item is being dishonored and returned for the second time, the paying bank shall invalidate the MICR routing number on the face of the item so that the item no longer qualifies for handling by high-speed automated check processing equipment. We assume no responsibility for handling as a cash item an item whose MICR routing number has not been invalidated as required.

36. The paying bank shall cancel an indorsement, "paid" or other identifying stamp of the paying bank on the back of a cash item before returning the item to us. We assume no responsibility for any delay resulting from our handling an item on the basis of an uncanceled stamp.

37. For its own protection, each paying or collecting bank that returns a cash item to us should keep records that permit it to reproduce or trace the item if it is lost or destroyed in transit or afterwards.

38. If a paying or collecting bank, in accordance with State law, returns direct to the depository bank an unpaid item that it has received directly or indirectly from us or another Reserve Bank, the provisional credits become final between the paying or collecting bank and the Reserve Bank, between the Reserve Bank and the sender, and between us and the other Reserve Bank.

39. We handle end-point-sorted cash letters without indorsing the items in the cash letters. Each collecting and paying bank should keep

records that permit it to identify the source of receipt of items. By sending to us as a return item an item that does not bear our indorsement, a collecting or paying bank (a) warrants to us and to the sender and prior parties that we presented or sent the item to the collecting or paying bank, and (b) agrees to provide source of receipt information on request.

Disputed Returns

40. If a sender (other than a Reserve Bank) believes that a paying bank has returned a cash item late, the sender may dispute the return one time by the following procedure:

(a) The sender may furnish us (or another Reserve Bank), within six calendar months from the date of return of the item or other notice by this or the other Reserve Bank, with the item and, on a form prescribed by us, a signed statement that the sender believes that the paying bank did not take all action necessary to recover its payment within the time limits of Regulation J. We will credit the amount of the item to the sender's account (or the account of the forwarding Reserve Bank). We will charge that amount of the account of (and send the item and statement to) the collecting or paying bank to which we had originally presented to sent the item.

(b) We will revoke the credit given to the sender and recredit the collecting or paying bank if:

(i) for any reason we cannot obtain the amount of the credit from the paying bank, or

(ii) we (or another Reserve Bank) receive the item with a properly executed statement from the paying or collecting bank within fifteen (15) banking days (for the Reserve Bank) after we (or the other Reserve Bank) sent the item and the send-

er's statement to the collecting or paying bank.

(c) A properly executed paying bank's statement must:

(i) be on a form prescribed by us,

(ii) be signed by an officer of the paying bank,

(iii) show the banking day of receipt and the date of return of the item by the paying bank, and explain any difference in dates exceeding one banking day, and

(iv) state that the paying bank took all action necessary to recover its payment within the time limits of Regulation J.

41. We assume no responsibility for determining whether the paying bank took all action necessary to recover its payment for an item within the time limits of Regulation J or whether a collecting bank returned the item within the time limits of this bulletin.

42. If we send to a bank in error as a return item an item that the bank did not send to us for collection, the bank is instructed to send the item back to us promptly on a without entry basis with a request for credit or refund, and we will promptly grant the credit or refund. The bank should not send the item to us in a cash letter or return letter.

NOTICE OF NONPAYMENT

43. A paying bank that determines not to pay a cash item in the amount of \$2,500 or more received from or through this Bank must provide notice of nonpayment directly to the first bank to which the item was transferred for collection ("depository bank"), under Section 210.12(c) of Regulation J. The paying bank must ensure that the notice is received, as defined below, by the depository bank by midnight of the second

banking day of the paying bank following the deadline for return of the item set forth in Section 210.12(a) of Regulation J. If the paying bank's second banking day is not a banking day for the depository bank, the notice must be received by the depository bank during its next banking day. The following days are not considered banking days for purposes of the deadline for notice of nonpayment: Saturdays and Sundays; January 1; the third Monday in January; the third Monday in February; the last Monday in May; July 4; the first Monday in September; the second Monday in October; November 11; the fourth Thursday in November; and December 25. If January 1, July 4, November 11, or December 25 fall on a Sunday, the next following Monday also is not considered a banking day for this purpose.

44. A paying bank may provide the required notice of nonpayment through any means, including:

- (a) return of the cash item itself to the depository bank,
- (b) telephone call to the depository bank,
- (c) telex, Fedwire, or other form of telegraph to the depository bank,
- (d) return of the cash item to this bank with a request that we provide notice of nonpayment, as provided below, and
- (c) telephone call to this bank with a request that we forward notice of nonpayment, as provided below.

Content of Notice of Nonpayment

45. Notice of nonpayment must include the:

- (a) name and routing number of the paying bank,
- (b) name of the payee(s),
- (c) amount,

- (d) date of the depository bank's indorsement,
- (e) account number of the depositor(s) in the depository bank,
- (f) branch name of the depository bank from its indorsement,
- (g) trace number associated with the indorsement of the depository bank, and
- (h) reason for return.

The notice of nonpayment need not include information that cannot be determined from the item itself through the exercise of ordinary care and good faith. If the paying bank is not sure of a piece of information, it is encouraged but not required to include the information and identify it with question marks. If the paying bank cannot determine which of two or more banks with the same or illegible dates in their indorsements is the depository bank, it is authorized but not required to give notice to each bank indicating that it questions which is the depository bank so that each bank may determine whether it is the depository bank. A notice of nonpayment need not be given if neither the name nor the routing number of the depository bank can be determined at all.

46. The paying bank is encouraged but not required to provide in the notice of nonpayment the:

- (a) name(s) and account number of the drawer (maker),
- (b) item number,
- (c) date of the item, and
- (d) any other information that might be useful, such as the name of the last indorser, other than a bank, if different from the payee, and an obsolete routing number of the depository bank used on the item.

Receipt of Notice by Depository Bank

47. Notice is considered received by the depository bank by the deadline for receipt under the following circumstances:

Telephone notice —

(a) Telephone notice is received: if a telephone call is made to (i) the general purpose number of the head office of the depository bank, (ii) the general purpose number of the branch named in the depository bank's indorsement, (iii) the number of the return item unit of the depository bank (or branch), or (iv) the number of the depository bank or its processor held out by the depository bank for receipt of notice of nonpayment; and if the telephone is answered and the notice is accepted by the depository bank.

(b) The paying bank must exercise good faith and ordinary care in ensuring that notice is received. Unless the paying bank has reason to believe that a depository bank will receive telephone notice after 5:00 p.m. local time of the depository bank, the paying bank should call prior to that time.

(c) If the depository bank's telephone (i) is not answered, or (ii) is answered but the individual answering refuses to accept the notice or transfer the call, or does not appear to understand the nature of the call, then notice will be considered timely if it is received during the morning of the depository bank's next banking day.

Telegraphic notice —

(d) Telegraphic notice is received: if it is delivered to (i) the principal telex, TWX or other telegraphic address of the depository bank, (ii) the return item unit of the depository bank, or (iii) the address of the depository bank or its processor held out by the depository bank for receipt of notice of nonpayment. Telegraphic notice by Fedwire

must be received by us by our cut-off hour for such notice as provided in paragraph 53.

(e) The paying bank must exercise good faith and ordinary care in ensuring that notice is received. Unless the paying bank has reason to believe that a depository bank will receive telegraphic notice after 5:00 p.m. local time of the depository bank, the paying bank should give notice prior to that time.

(f) If the paying bank knows that a telegraphic notice is not received by the depository bank, then the paying bank should deliver a confirming notice, indicating that it is a confirming notice, to the depository bank during the morning of the next banking day.

Return of Item Itself —

(g) A cash item itself is received for purposes of notice of nonpayment if it is delivered to (i) the principal address of the head office of the depository bank, (ii) the address of the branch named in the depository bank's indorsement, (iii) the address of the depository bank normally used for return of cash items, (iv) the address of the depository bank or its processor held out by the depository bank for receipt of notice of nonpayment, or (v) a messenger of the depository bank.

48. Responsibilities of Depository Bank —

(a) The depository bank must exercise good faith and ordinary care in accepting notice of nonpayment by telephone or telegraph, and may not instruct operators to refuse to accept notices. The depository bank may transfer calls, offer to return a call, or use a recording device. The depository bank must exercise diligence in bringing a notice to the attention of responsible individuals. Telephone notice accepted by any person at the depository bank that reasonably appears to the paying bank to understand the nature of the notice is considered received by the

depository bank. A depository bank that uses an electronic link with this Bank must manage its link so as to permit us to send notices to it during its day.

(b) Depository banks should recognize that notice cannot be given if their indorsements are illegible. Depository banks and other collecting banks are encouraged but not required to comply with the indorsement standard of the American National Standards Institute and to use only valid routing numbers.

Provision of Notice from the Item by This Bank (Physical Item Service)

49. A paying bank may request this bank to provide notice of nonpayment on its behalf by signing and delivering to this Bank a letter in the form attached as Exhibit III requesting the service. The request shall apply to all cash items in the amount of \$2,500 or more received from or through this Bank for which notice of nonpayment is required, and returned by the paying bank to this Bank, provided such items are separately sorted and identified as to items for which notice is desired ("applicable items"). If we receive applicable items by our cut-off hour for physical item notice, as set forth in our time schedule, on the paying bank's next banking day following its deadline for return, we undertake to provide notice of nonpayment to the depository bank by the paying bank's deadline for notice of nonpayment. A paying bank should not include with applicable items other items that it did not receive from or through this Bank, unless otherwise agreed by us.

50. Upon our acceptance of such a request, beginning on an agreed effective date, this Bank will provide notice of nonpayment for applicable items received by our cut-off hours on behalf of the paying bank under the terms set forth in Section 210.12(c)(7) and (8) and 210.14 of Regulation J. We will otherwise handle applicable

return items as provided elsewhere in Regulation J and this bulletin, and shall assume no responsibility for determining whether the paying bank returned the item timely. We will provide notice of nonpayment for applicable items received after our cut-off hour for notice of nonpayment as if the items had been received prior to our cut-off hour. The paying bank shall remain responsible for loss resulting from its lack of good faith or failure to exercise ordinary care in providing the item timely to this Bank under Section 210.12(c)(6) of Regulation J. The paying bank should itself provide notice of nonpayment to the depository bank if the paying bank learns that applicable items have not been received by our cut-off hours and should indicate to the depository bank that the notice may be duplicated by us. This Bank assumes no responsibility for a paying bank's failure to indicate on an applicable item the reason for return of the item. The paying bank may terminate its request that we provide notice of nonpayment by prior written notice to this Bank.

Telephone Notice to This Bank (Telephone Notice Service)

51. A paying bank may request this Bank to forward to the depository bank notice of nonpayment given by telephone to this Bank by signing and delivering to this Bank a letter in the form attached as Exhibit III requesting the service. The request shall apply to all items for which notice of nonpayment is telephoned to this Bank. If we receive telephone notice by our cut-off hour for telephone notice, as set forth in our time schedule, on the paying bank's next banking day following its deadline for return, we undertake to provide notice of nonpayment to the depository bank by the paying bank's deadline for notice of nonpayment.

52. Upon our acceptance of such a request, beginning on an agreed effective date, this Bank will forward notice of nonpayment received by our cut-off hour on behalf of the paying bank

under the terms set forth in Sections 210.12(c)(7) and (8) and 210.14 of Regulation J. We will forward notice of nonpayment received after our cut-off hour as if the telephone notice had been received prior to our cut-off hour on our next banking day, but shall have no responsibility for loss caused by the failure of the paying bank to meet our cut-off hour. The paying bank shall remain responsible for loss resulting from its lack of good faith or failure to exercise ordinary care in providing accurate and timely telephone notice to this Bank under Section 210.12(c)(6) of Regulation J, and should itself provide notice of nonpayment to the depositary bank if the paying bank is unable to meet our cut-off hour. The paying bank may terminate its request that we forward notice of nonpayment by prior written notice to this Bank.

**Fedwire Notice to Depositary Bank
(Fedwire System Service—RESPONSE Network)**

53. A paying bank may request this Bank to forward to the depositary bank notice of nonpayment given by Fedwire in proper format by signing and delivering to this Bank a letter in the form attached as Exhibit III requesting the service. If we receive Fedwire notice by our cut-off hour for Fedwire notice, as set forth in our time schedule, on the paying bank's second banking day following its deadline for return, we undertake to provide notice of nonpayment to the depositary bank by the paying bank's deadline for notice of nonpayment. We handle Fedwire notice under the terms set forth in Sections 210.12(c)(7) and (8) and 210.14 of Regulation J. We will forward notice of nonpayment received after our cut-off hour as if the Fedwire notice had been received prior to our cut-off hour on our next banking day, but shall have no responsibility for loss caused by failure of the paying bank to meet our cut-off hour. The paying bank shall remain responsible for loss resulting from its lack of good faith or failure to exercise ordinary care in providing accurate and

timely Fedwire notice to this Bank under Section 210.12(c)(6) of Regulation J, and should itself provide notice of nonpayment to the depositary bank if the paying bank is unable to meet our cut-off hour.

Other Provisions

54. Notice of nonpayment should not be given for a cash item drawn on the account of the U.S. Treasury or for an item endorsed by, or for credit to, the U.S. Treasury.

55. If the depositary bank is not located in a state of the United States, the District of Columbia, Puerto Rico, or a territory, possession, or dependency of the United States, the paying bank shall provide the notice to the bank located in such an area that first handled the item for collection.

56. If a paying bank provides or requests us to forward a notice and subsequently determines to pay an item, the paying bank shall provide to the depositary bank a second notice as soon as reasonably possible. The second notice shall indicate that it is a second notice cancelling a previous notice and shall contain all the information in the original notice to enable the depositary bank to match the second notice with the original notice.

57. A depositary bank may request this Bank in writing to provide notice of nonpayment, given by us on behalf of a paying bank, to a single specified department of the depositary bank or its processor. This bank will attempt to comply with the request, but such request shall not be binding on the paying bank. A depositary bank that uses an electronic link with this Bank to provide notice of nonpayment is deemed to authorize this Bank to provide notice to it by means of an electronic link to this Bank, unless the depositary bank requests otherwise. We are not responsible for a delay in sending a notice, if the delay results from the depositary bank's failure

to manage its link so as to permit us to send notices to it through the close of Fedwire.

58. A paying bank should keep records to show compliance with notice of nonpayment requirements for at least two years after the deadline for receipt of notice of nonpayment by the depository bank. We may record telephone calls.

59. This Bank has no responsibility for giving or correcting notice of nonpayment if notice is not properly given by the paying bank except to the extent provided above with respect to notice we provide or forward on behalf of the paying bank. As provided in Section 120.12(b) of Regulation J, this Bank assumes no responsibility for determining whether the paying bank took all action necessary to recover its payment for an item within the time limits of Regulation J.

PROTEST

60. Reserve Banks shall not protest any dishonored cash item, whether or not drawn or payable at a place not within a State. Reserve Banks and collecting and paying bank shall disregard any special instructions on protest noted on cash letters or otherwise transmitted with cash items. A sender may instruct a Reserve Bank to provide for protest of an item (other than a Government check, postal money order, or food coupon) only if the sender sends the item to us for collection and credit as an individual noncash item with the instructions noted in the letter of transmittal.

CHARGES

61. Our schedule of charges shows the charges imposed for cash item collection services. We may make the charge to the account maintained or used by the sender or other bank requesting the service.

SIZE; ROUTING NUMBERS; RECORDS

62. We urge paying banks to imprint the routing number in fractional form in the upper right corner in at least 8 point Gothic type and to conform cash item dimensions to American Bankers Association standards—between 2-3/4 and 3-2/3 inches in width, and 6 and 8-3/4 inches in length.

63. We may present or send a cash item, under Section 210.6(a)(2) or Regulation J, on the basis of any routing number or other designation of a paying bank appearing on the item when we receive it. We are not responsible for any delay resulting from our acting on a designation of a paying bank, whether inscribed by magnetic ink or other means, and whether consistent with any other designation of the paying bank on the item.

64. If in our judgement processing requires it, we may inscribe on an item, in magnetic ink or otherwise, (a) the amount of the item, or (b) the Federal Reserve routing symbol or the suffix of the institutional identifier, or both, of the paying bank (or nonbank payor). The sender assumes the risk of loss resulting from any delay caused by our inscribing the item and presenting or sending it accordingly, except in the case of an item that is not amount encoded and is classified as a cash item in our time schedule.

65. In addition to the recordkeeping requirements of this bulletin, Treasury regulations (31 Code of Federal Regulations, Part 103) require that banks keep legible records of many items. These regulations apply whether or not the item is capable of being photocopied.

MISSING OR DESTROYED ITEMS; PHOTOCOPIES

Mutilated Cash Letters

66. A paying or collecting bank that receives from us a cash letter in a mutilated condition

should telephone us before attempting to process any part of it. Sometimes tracing and identification of mutilated or destroyed cash items can be expedited when the cash letter is returned to us intact.

Items Discovered Missing or Destroyed

67. We credit or refund the amount paid for a cash item if (a) a subsequent collecting bank or the paying bank reports that it discovered during initial proving that the item is missing, or (b) a subsequent collecting bank reports that it knows the item to be missing or destroyed in transit to a subsequent collecting bank or the paying bank. We will credit or refund the amount only if we (or a subsequent collecting bank that promptly sends the report to us) receive the report within five (5) banking days from the date of the cash letter that listed the item. This time is measured by the banking days of the paying or collecting bank.

68. We charge back to the sender the amount of a cash item (a) that we or another Reserve Bank discover to be missing, or (b) that a subsequent collecting bank or paying bank reports to be missing or destroyed as provided in paragraph 67 of this bulletin.

Handling of Photocopies of Cash Items

69. We handle a correctly prepared photocopy as a cash item through our adjustment department if we (or a prior collecting Reserve Bank) receive the photocopy and a copy of the advice of charge-back within thirty (30) banking days from the day we (or the prior Reserve Bank) charged back the original item. The prior Reserve Bank should send the photocopy and advice to us when received.

70. If a shipment of cash items is lost or destroyed in transit to the first collecting Reserve Bank, we handle correctly prepared photocopies of the items as cash items through our cash item

department in a cash letter if (a) the sender determines that at least several items in the original shipment remain unpaid, and (b) the photocopy cash letter is identified as containing nonmachineable photocopies of items from a lost or destroyed shipment.

71. We present or send a photocopy as a cash item subject to all the rules as to payment and return of cash items, other than the instructions regarding notice of nonpayment. A paying bank has the right to return a photocopy through our adjustment department within twenty (20) banking days from its banking day of receipt if:

(a) the drawer has refused to authorize payment of the photocopy, or the paying bank has been unable to contact the drawer, and the paying bank returns a signed statement to that effect; or

(b) the original item was paid and the paying bank returns a copy of the front and back of the paid original cash item and a signed statement that the original was paid and giving source of receipt information. The information required is the name and routing number, if any, of the bank or person from which, and the date on which, the original was received. If the original was received from us, include the date of the cash letter and the amounts of the items listed before and after the original, the total of the cash letter and the batch or package that contained the original and the sequence number of the original.

72. 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 check 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 check, we agree to hold each collecting bank and the payor bank harmless from any loss suffered, if payment is stopped on the original check and it is unpaid.

73. We assume no responsibility for determining whether a return of a photocopy is timely. Nor do we assume any responsibility for determining whether a report of a missing or destroyed cash item or a statement regarding the handling of a photocopy is correct. We handle, on a without

entry basis, return photocopies received by us or a subsequent collecting Reserve Bank within nine (9) months of the banking day of receipt by the paying bank. We also handle without entry a late report of a missing or destroyed cash item.

RIGHT TO AMEND

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

APPENDIX A GOVERNMENT CHECKS

1. We handle checks drawn on the United States Treasury ("Government checks") as cash items under Treasury Department Circular No. 21 (31 Code of Federal Regulations, Part 240). Copies of that Circular will be furnished on request. As to matters that Circular does not cover, Regulation J, this bulletin, and our time schedules apply.

2. We give immediate credit, subject to payment in actually and finally collected funds, for Government checks as provided in our time schedules. After we handle Government checks as fiscal agent of the United States under Treasury requirements, the checks are subject to examination and payment by the United States Treasury. We may reimburse a sender for its reasonable costs of reconstructing a Government check cash letter lost or destroyed in transit between Federal Reserve offices.

3. Section 210.12 of Regulation J, relating to the return of cash items by paying banks, does not apply to Government checks. If the United States Treasury refuses payment of a govern-

ment check upon first examination and returns the check, or a photocopy, to us as outlined in Treasury Department Circular No. 21, we charge back the amount of the check to the sender and credit that amount to the United States Treasury. We have no responsibility to the sender or another owner or holder for the nonpayment and return by the United States Treasury of a Government check or photocopy.

4. Under Federal statute, 31 U.S.C. Sections 3702 and 3712: a) claim on a Government check that appears of record to have been paid must be made to the Government within six years after the date of issuance of the check and (b) an action by the Government to enforce liability on a forged or unauthorized signature or indorsement or alteration of a Government check must be commenced within six years after presentment of the check, or written notice of such a claim must be given with that period, but if a claim is made on an apparently paid check, the six-year period is extended an additional 180 days.

APPENDIX B POSTAL MONEY ORDERS

1. We handle postal money orders (United States postal money orders; United States international postal money orders; domestic-international postal money orders) as cash items under an agreement between the United States Postal Service and the Reserve Banks as depositaries and fiscal agents of the United States pursuant to authorization of the Secretary of the Treasury. As to matters that agreement does not cover, Regulation J, this bulletin, and our time schedules apply.

2. We give immediate credit for postal money orders as provided in our time schedules. The credit becomes final as between us and the sender when we debit the amount of the money orders against the general account of the United States Treasury under symbol numbers assigned by it.

3. The agreement between the United States Postal Service and the Reserve Banks provides that: (a) the United States Postal Service may make no claim against or through a Reserve Bank for refund or otherwise with respect to a postal money order debited against the general account of the United States Treasury (other than a claim based on the negligence of a Reserve Bank); (b) the United States Postal Service will deal directly with the bank or the party against which the claim is made; and (c) the Reserve Banks will assist the United States Postal Service in asserting the claim, including making any relevant evidence in their possession available to the United States Postal Service. Section 210.12 of Regulation J, relating to the return of cash items by paying banks, does not apply to postal money orders.

APPENDIX C RETURN ITEM PILOT PROGRAM

General

1. This Bank is currently conducting for the System a multiphased Return Item Pilot Program designed eventually to develop universal return item procedures permitting direct return to the institution of first deposit. For the duration of the present phase of the Pilot Program ("Pilot"), the following provisions will be effective to vary inconsistent provisions of Bulletins 8, 10, 12 and 13, and will be binding with regard to all parties governed by Regulation J. All provisions of Regulation J and relevant Bulletins of this Bank not so varied will continue in effect and govern actions of parties.

Direct Return

2. If an item which has been handled by this Bank for collection is return unpaid, and (1) if the depository bank is located within the Eleventh District, (2) if the depository bank participates in this Bank's automatic charge plan, and (3) if an office of this Bank presents cash items to the depository bank or its designated intercept point, we will, in accordance with State law, return the unpaid items direct to the depository bank or its designated intercept point.

Charges

3. When this Bank uses the direct return procedure, the unpaid items will be returned to the depository bank and the related charges in the amount of the return item will be made against the account of the depository bank, its designated correspondent or processor, in accordance with the existing arrangements with that bank for the automatic payment for cash letters under the provisions of our Bulletin 12. The existing agreements, as well as any future agreements, evidenced by executed forms TR-383, TR-384, and/or TR-411 will be deemed to be amended to provide all necessary authorization and appoint-

ment of agency relationships to permit this Bank to also make such charges for return items and to make further adjustments to the appropriate account as may be necessary in order that settlement for return items shall be effected in the same manner as authorized by the check processing automated payment arrangements.

Notification of Nonpayment

4. This Bank will provide notice of nonpayment to the depository bank on an unpaid cash item in the amount of \$2,500 or more as provided in paragraphs 43 through 59 of this Bulletin.

Processing Fees

5. Processing fees will be charged to payor institutions in accordance with the schedule as published by this Bank from time to time in its circulars.

Automated Processing

6. In order to obtain price incentives as published from time to time with regard to intraterritory returns, payor banks may deposit such returns qualifying for direct return to the institution of first deposit in a manner permitting processing by automated means as set out below.

7. A payor bank depositing returns in a form for automated processing must determine that the institution of first deposit of the item to be returned is eligible to receive direct return under the provisions of the Pilot and that the institution of first deposit is located in the same Reserve Bank Office territory as the payor bank. No other items will be acceptable for these automated processing procedures.

8. Payor banks must attach an encoded strip to the bottom of the cash item or insert this cash item into a transparent carrier document; the strip or carrier must be encoded with (1) the nine-digit transit routing number of the institu-

tion of first deposit and (2) the amount of the item.

9. This Bank will bear no responsibility for the accuracy of the payor banks determination of the identity of the institution of first deposit.

10. Return items especially prepared for automated processing must not be commingled in a single deposit with non-automated returns and must be deposited with a separate TR-418 form.

EXHIBIT I**Sender's Late Return Item Claim**

Date _____

TO: FEDERAL RESERVE BANK OF DALLAS [_____ BRANCH]

The returned cash item described below and attached is being delivered to you because of LATE RETURN.

1. Amount _____
2. Dated _____
3. Payor R/T # _____
4. Payor Location (City) _____ (State) _____
5. Drawn by (Drawer) _____
6. Payable to (Payee) _____
7. Check No. _____
8. Our institution sent this cash item to _____ in a cash letter dated _____ totaling \$_____, tape total \$_____, listed between items for \$_____ and \$_____.
9. This item was apparently returned by the paying institution on _____ (Date).
10. We received the return item on _____ (Date) from your bank in a return item letter dated _____ totaling \$_____, tape total \$_____, listed between items for _____ and \$_____.

We claim that, according to our records and the endorsements and stamps on the item, the paying bank did not take all action necessary to recover its payment within the time limits of Regulation J and we certify that, as to notice of non-payment, we received:

[CHECK ONE]

- ☐ wire or telephone advice on _____ (Date) ☐ no advice other than the returned item.

This late return caused us to incur financial loss, because of lack of authority to charge the item back to our customer, or for other reasons.

Please credit our account provisionally and advise.

Sending InstitutionBy _____
Officer's Signature

Prepare and submit in duplicate. Failure to provide all information requested will result in claim being returned without entry.

Reserve Banks will, in no case, examine the items in question or the statements of alleged facts to ascertain the validity of the claims in carrying out this procedure.

Knowingly making a false statement on this form to influence the action of a Federal Reserve Bank in granting a credit may subject the signing party to criminal penalties under Federal or State law.

EXHIBIT II**Paying Bank's Response to Late Return Item Claim**

Date _____

TO: FEDERAL RESERVE BANK OF DALLAS [_____ BRANCH]

Your advice of debit dated _____ forwarded to us a claim of late return of an item in the amount of \$_____.

We certify that our records indicate that this item was received by us or our processor as a cash item on _____ in your cash letter dated _____, (Banking Day) in the amount of \$_____, tape total \$_____, listed between items for \$_____ and \$_____. Our institution sent this return item to _____, in a return item letter dated _____, totaling \$_____, tape total \$_____, listed between items for \$_____ and \$_____. Notice of nonpayment was given to _____ by telephone (date) * _____ or wire (date) * _____ for this item.

If the number of banking days from the banking day of receipt to the date of return exceeds one banking day, the explanation for the delay is as follows: _____

We took all action necessary to entitle us to recover our payment within the time limits of Regulation J. Please credit our account and advise.

Paying InstitutionBy _____
Officer's Signature

*Enter "none" if no wire or telephone notification was given.

Prepare and submit in duplicate. Failure to provide all information requested and/or failure to return to your local Federal Reserve Office completed forms with the return item within 15 business days from date of charge will result in claim being returned without entry.

Reserve Banks will, in no case, examine the items in question or the statements of alleged facts to ascertain the validity of the claims in carrying out this procedure.

Knowingly making a false statement on this form to influence the action of a Federal Reserve Bank in granting a credit may subject the signing party to criminal penalties under Federal or State law.

EXHIBIT III**Paying Bank's Notification Agreement**

(to be typed on paying bank's letterhead)

(Date)

Federal Reserve Bank

of _____

Attention: Payments Mechanism Department

<input type="checkbox"/> Head Office	<input type="checkbox"/> El Paso Branch
<input type="checkbox"/> Houston Branch	<input type="checkbox"/> San Antonio Branch

Gentlemen:

We request that, in accordance with your Bulletin 8, you provide notice of nonpayment for large dollar cash items that we decide not to pay. We elect to provide the information required by:

- ☐ returning the physical item to you
- ☐ telephone notification to you
- ☐ Fedwire System (RESPONSE Network)

We authorize you to charge our billing account maintained or used by us on your books and to make other appropriate adjustments with this service.

(Name of Paying Bank)_____
(Nine Digit ABA Number)By: _____
(Authorized Signature)_____
(Title)

EXHIBIT IV**Time Schedule for Notification of Nonpayment Service**

In accordance with this Bank's Bulletin No. 8 "Collection of Cash Items", the deadlines for receipt by this Bank of the item, telephoned information, or Fedwire message in connection with this Bank's notification of nonpayment services are set forth below.

<u>Service</u>	<u>Deadline</u>
Physical Item	Noon local time following the deadline for return of the item.
Telephone Notice*	Noon local time following the deadline for return of the item.
Fedwire (RESPONSE Network)**	Noon Eastern Time on the paying institution's second banking day following the deadline for return of the item.

* This Bank will accept telephone notice after the noon deadline until 4:00 p.m. and will make every effort to effect notification to the depository institution for intraterritory items and to the next Federal Reserve Office for interterritory items.

** This Bank's Fedwire system will remain open until 5:00 p.m. for purposes of this Bank's notification of nonpayment services. Items received after Noon Eastern Time and destined to online institutions will be delivered. Every effort will be made to effect notification to intraterritory offline institutions.

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.

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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 handling all types of noncash items, 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. The definition of terms set forth or incorporated in Regulation J apply 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 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 Policy 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. Guam, American Samoa and the Northern Mariana Islands are deemed to be 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 both handles such items and 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 whose Reserve Bank handles such items, 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.

Statements 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. We handle a noncash item subject to an instruction regarding protest in a sender's collection letter, except as provided in paragraph 36. Absent such an instruction, Reserve Banks shall not protest a dishonored noncash item, whether or not drawn or payable at a place not within a State⁵.

36. We handle noncash items subject to the following uniform instruction: 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 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

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.

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 in 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

COUPONS PAYABLE INTRADISTRICT	\$ 3.50
COUPONS PAYABLE INTERDISTRICT	\$ 4.00
RETURN ITEMS	\$15.00
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

BULLETIN 10

Time Schedules and Other Information Concerning Cash Items



FEDERAL RESERVE BANK OF DALLAS

SCOPE

This bulletin sets out certain rules under which credit for cash items sent by depository institutions to us for collection will be available in the reserve or clearing accounts of the sending depository institutions or their correspondent. It also contains several rules with respect to the sorting and preparation of cash letters sent to us. Supplement A to this bulletin contains the current closing hours for various categories of cash items.

This bulletin, along with Regulation J and certain other of our bulletins, constitutes a portion of the contract under which cash items are handled for collection by us.

BULLETIN 10
TIME SCHEDULES AND OTHER INFORMATION
CONCERNING CASH ITEMS
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Section 5. RIGHT TO AMEND**Supplement A. DEPOSIT DEADLINES AND AVAILABILITY****Supplement B. HOLIDAY SCHEDULE**

Section 1. DEFINITIONS

1.00 Available and availability

"Available" and "availability" refer to the granting of credit by us in the sender's reserve or clearing account or in the account of its correspondent for cash items forwarded to us for collection or handled by direct sending.

1.05 Day of dispatch

"Day of dispatch" means the day a direct sending depository institution actually dispatches a direct sent cash item, or such other day as we direct under 2.05 of this bulletin.

1.10 Day of receipt

"Day of receipt" means the day a cash item sent to us for collection is received, if received before the closing hour. For cash items received on our nonbanking days or after closing hours, the day of receipt is our next banking day.

Reference: Supplement B to this bulletin for our holiday schedule (nonbanking days); Supplement A to this bulletin for cash items entitled to Sunday closing hours.

1.15 Direct sending

"Direct sending" refers to the sending of cash items direct to a Federal Reserve office other than that which normally serves the sender, as provided in paragraph 18 of Bulletin 8.

1.20 Consolidated shipments

"Consolidated shipments" means other Federal Reserve territory items which have been sorted and packaged to a specific Federal Reserve Bank or RCPC and are combined with our cash letters and sent to the respective Federal Reserve office.

1.25 Immediate and deferred credit items

"Immediate credit item" means a cash item entitled to availability on the day of receipt, as set

out in 2.00 of this bulletin. "Deferred credit item" means any other cash item.

1.30 Nonmachineable cash items

As used in this bulletin, the term "non-machineable cash items" means those cash items that cannot be introduced into, or are rejected by, a sender's high-speed automated check-processing equipment because of their physical condition, including items: (1) mutilated, torn or crumpled, or (2) bearing faulty or inadequate MICR encoding. If a sender does not use high-speed automated check-processing equipment, the term includes cash items that by observation are unqualified for high-speed automated check-processing under the preceding criteria.

1.35 Other references

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. In addition, certain terms used in this bulletin are defined in Regulation J.

Section 2. IMMEDIATE AND DEFERRED AVAILABILITY

2.00 Immediate credit

Cash items entitled to availability on the day of receipt are shown under the heading "Immediate credit items" in Supplement A of this bulletin.

2.05 Deferred credit, availability computation

Availability for deferred credit items will be computed from the day of receipt, or in the case of direct sending, from the day of dispatch. In certain situations, we reserve the right to compute availability from a day other than the day of receipt or dispatch. In the case of direct sending, if we direct that availability be computed from a day other than the day of dispatch,

the designated day will be treated as the day of dispatch.

2.10 Deferment of one banking day

Deferment of one banking day means that credit will be available on our first banking day following the day of receipt, or in the case of direct sending, following the day of dispatch. Such deferment is given for deferred credit items (most of which bear the immediate credit routing symbol) collectible through designated Federal Reserve offices, a current list of which will be furnished on request.

2.15 Deferment of two banking days

Deferment of two banking days means that credit will be available on our second banking day following the day of receipt, or in the case of direct sending, following the day of dispatch. Such deferment is available for all deferred credit items not covered by 2.05 and 2.10 above.

2.20 Conflicting holiday schedules

It should be noted that deferment of availability is based on our banking days, or actual collection time if applicable, notwithstanding the fact that payor banks may observe a different schedule of banking and nonbanking days.

2.25 Availability table

The table below illustrates typical deferred availability; however, it does not take into account holidays observed by us.

Day of receipt or day of dispatch	If deferred 1 banking day	If deferred 2 banking days
Credit will become available on the following:		
Monday	Tuesday	Wednesday
Tuesday	Wednesday	Thursday
Wednesday	Thursday	Friday
Thursday	Friday	Monday
Friday	Monday	Tuesday
Saturday	Monday	Tuesday
Sunday	Monday	Tuesday

Section 3. CASH LETTERS

3.00 Sorting

Except as provided in 3.05 of this bulletin, senders should sort items in separate cash letters for the various categories listed in Supplement A to this bulletin. For unsorted cash letters which are subject to the sorting requirements of this paragraph, availability may be deferred for the longest period applicable to any item in the cash letter.

3.05 Mixed cash letters

Mixed cash letters contain unsorted checks that can be any mixture of city, country, and RCPC checks. These cash letters may also contain checks drawn on depository institutions in other Federal Reserve territories, U.S. Treasury checks and postal money orders. Credit for checks in mixed cash letters is based on availability as calculated by the local Federal Reserve office.

An institution desiring to use this service should consult with its local Federal Reserve office for additional information and deposit forms.

3.10 Fine sort cash letters (package sort)

We will accept deposits of endpoint sorted cash letters composed of sealed packages which must be labeled with the sending and paying bank's name and routing number, the amount of the cash letter, and accompanied by the proper deposit forms. The required deposit format will be supplied upon request.

3.15 Special Deposits

Computer processed cash items deposited to take advantage of later closing hours must be prepared in accordance with stipulated sorts and conditions. Information and schedules will be supplied upon request.

3.20 Description

Cash items may be deposited with this and other Federal Reserve Banks without description, except for a listing by individual amounts; however, each sender should maintain adequate records to enable it to identify its depositors or other indorsers in the event any such items are lost, destroyed, or otherwise uncollectible and nonreturnable.

3.25 Dating, identification, and contents

Each cash letter and tape listing should be dated and identified with the name and routing number (if any) of the sender. It would be helpful if no more than 500 items are listed on each machine tape and no more than 6 such tapes are included in one cash letter.

Section 4. CASH LETTERS TO OTHER RESERVE OFFICES

4.00 Consolidated shipments

Cash letters of items payable in other Federal Reserve cities and districts will be accepted by us for consolidated shipments to the applicable banks when appropriately packaged and addressed and received before closing hour. Credit

will be given according to current schedules which will be supplied upon request.

4.05 Direct sendings

Banks may be authorized by us to send cash items direct to other Federal Reserve Banks and will be furnished a schedule of availability on direct sendings. Cash letters sent direct should be dispatched in sufficient time to be delivered before the closeout hour at the collecting Federal Reserve Bank or RCPC.

4.10 Availability on holidays

Availability for all interdistrict direct sendings of cash items (city, country, and RCPC) will be passed to direct sending banks based upon the holiday schedule of the receiving Reserve offices. Reserve account allowances will be provided for direct sent cash letters where such availability would normally be due when we are closed, but the receiving Reserve office is open. Similarly, credit for cash letters sent direct in the reverse circumstances will be deferred.

Section 5. RIGHT TO AMEND

The right is reserved to withdraw, add to, or amend this bulletin or its supplements at any time.

Supplement A
DEPOSIT DEADLINES AND AVAILABILITY

IMMEDIATE CREDIT ITEMS

Banking days (Monday through Friday)		Closing Hours			
Sorting Options	Dallas	El Paso	Houston	San Antonio	
High Dollar Group Sort ¹	8:30 a.m.	9:15 a.m.	9:00 a.m.	9:00 a.m.	
City Items					
Regular	9:00 a.m.	9:15 a.m.	9:00 a.m.	9:30 a.m.	
Fine Sort	9:30 a.m.	10:15 a.m.	9:30 a.m.	10:30 a.m.	
RCPC Items					
Regular	12:01 a.m.	12:01 a.m.	12:01 a.m.	2:00 a.m.	
Premium	1:15 a.m.	12:30 a.m.	1:15 a.m.	—	
Group Sort	—	—	2:00 a.m.	—	
Fine Sort	4:00 a.m.	2:30 a.m.	4:00 a.m.	4:00 a.m.	
Redeemed United States Department of Agriculture food stamp coupons	2:00 p.m.	2:00 p.m.	2:00 p.m.	2:00 p.m.	
Drafts on Commodity Credit Corporation payable through this Bank (acceptable for immediate credit only at office through which payable)	2:00 p.m.	2:00 p.m.	2:00 p.m.	2:00 p.m.	
Cashier's checks, expense checks, and drafts on this Bank presented to the office on which drawn; subject to inspection and verification of signatures before payment is final	2:30 p.m.	2:30 p.m.	2:30 p.m.	2:30 p.m.	
Postal Money Orders	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	
Checks drawn on the United States Treasury	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	

¹ Tuesday through Friday.

Supplement A (Continued)
DEPOSIT DEADLINES AND AVAILABILITY

DEFERRED CREDIT ITEMS

Banking days (Monday through Friday)		Closing Hours			
Sorting Options		Dallas	El Paso	Houston	San Antonio
Country Items					
Regular		1:30 p.m.	—	—	—
Fine Sort		5:00 p.m.			
		Sunday			
		9:30 p.m.			
		Monday-Thursday			
Group Sort		5:00 p.m	—	—	—
		Sunday			
		8:00 p.m.			
		Monday-Thursday			
Other Fed Items		12:00 noon	12:00 noon	12:00 noon	12:00 noon
		7:00 p.m.		7:00 p.m.	7:00 p.m.
Nonmachineable Items (City and RCPC deferred on day) (Country deferred two days)		9:00 a.m.	9:15 a.m.	9:00 a.m.	9:30 a.m.
Mixed Cash Letters (Availability computed by Federal Reserve) ²		12:01 a.m.	12:01 a.m.	12:01 a.m.	12:01 a.m.
		9:00 a.m.	9:15 a.m.	9:00 a.m.	9:30 a.m.
		12:00 noon	12:00 noon	12:00 noon	12:00 noon
		7:00 p.m.		7:00 p.m.	7:00 p.m.

2. Contact your local office for availability information for the various cutoffs.

Supplement B HOLIDAY SCHEDULE

Standard Reserve Bank Holidays ¹

The following standard holidays are observed by Reserve Banks:

- All Saturdays,
- All Sundays,
- New Year's Day (January 1),
- Martin Luther King's Birthday (third Monday in January),
- Washington's Birthday (third Monday in February),
- Memorial Day (last Monday in May),
- Independence Day (July 4),
- Labor Day (first Monday in September),
- Columbus Day (second Monday in October),
- Veterans' Day (November 11),
- Thanksgiving Day (fourth Thursday in November), and
- Christmas Day (December 25).

If January 1, July 4, November 11, or December 25 fall on a Sunday, the next following Monday is a standard Reserve Bank Holiday.

Mandatory Nonstandard Holidays

As provided in Section 210.9(a)(2) of Regulation J and Paragraph 25 of our Bulletin No. 8, we charge paying banks for cash items made available on a day on which the paying bank closes voluntarily, unless the banks compensate us for the value of the float associated with such items. The following is a list of mandatory nonstandard holidays—holidays, other than standard Reserve Bank holidays, observed by banks in various states, but not considered voluntary:

First District (Boston)

- Lincoln's Birthday [February 12 (or 11 if February 12 is a Saturday)] — Connecticut
- Good Friday — Connecticut
- Patriots' Day (third Monday in April) — Maine
- July 3 (if July 4 is a Saturday) — Connecticut
- Victory Day (second Monday in August) — Rhode Island
- November 10 (if November 11 is a Saturday) — Connecticut
- December 24 (if December 25 is a Saturday) — Connecticut
- December 31 (if January 1 is on a Saturday) — Connecticut

Second District (New York)

None (see First District for Connecticut.)

Third District (Philadelphia)

None

1. The New Orleans Branch of the Federal Reserve Bank of Atlanta observes Mardi Gras Day as a standard holiday.

**Supplement B (Continued)
HOLIDAY SCHEDULE****Fourth District (Cleveland)**

Presidential Election Day — Kentucky

Fifth District (Richmond)

Good Friday — Maryland

Sixth District (Atlanta)

State Inaugural Day — Baton Rouge, Louisiana

Seventh District (Chicago)

None

Eighth District (St. Louis)

Presidential Election Day — Kentucky

Ninth District (Minneapolis)

None

Tenth District (Kansas City)

July 3 (if July 4 is a Saturday) — New Mexico

November 10 (if November 11 is a Saturday) — New Mexico

December 24 (if December 25 is a Saturday) — New Mexico

December 31 (if January 1 is a holiday) — New Mexico

Eleventh District (Dallas)

July 3 (if July 4 is a Saturday) — Texas, New Mexico

November 10 (if November 11 is a Saturday) — Texas, New Mexico

December 24 (if December 25 is a Saturday) — Texas, New Mexico

December 31 (if January 1 is a Saturday) — New Mexico

Twelfth District (San Francisco)

July 3 (if July 4 is a Saturday) — Idaho, Nevada, Oregon

Pioneer Day [July 24 (or 25 if July 24 is a Sunday)] — Utah

Nevada Day [October 31 (or 30 if October 31 is a Saturday or November 1 if October 31 is a Sunday)] — Nevada

November 10 (if November 11 is a Saturday) — Idaho, Nevada, Oregon

Day after Thanksgiving — Nevada

December 24 (if December 25 is a Saturday) — Idaho, Nevada, Oregon

December 31 (if January 1 is a Saturday) — Idaho, Nevada, Oregon

Holidays observed by Federally chartered banks are treated the same as holidays observed by State chartered banks in the same area. Weekdays on which a paying bank closes regularly are considered voluntary. Bank holidays because of weather or other emergencies are generally considered to be mandatory.