



FEDERAL RESERVE BANK  
OF DALLAS

WILLIAM H. WALLACE  
FIRST VICE PRESIDENT  
AND CHIEF OPERATING OFFICER

September 7, 1990

DALLAS, TEXAS 75222

Circular 90-58

**TO:** The Chief Operating Officer of  
each financial institution in the  
Eleventh Federal Reserve District

**SUBJECT**

**Bulletin 12 - Check and Return Item Settlement and Delivery**

**DETAILS**

Bulletin 12 has been revised to cover the automatic charge or credit for all commercial cash letters and return item letters, as well as related adjustments, that we make for a financial institution in the Eleventh Federal Reserve District. It also covers our off-premises delivery of cash letters and presentment of return item letters under Regulation CC.

This Bulletin replaces both our current Bulletin 12 and Bulletin 13. It covers all institutions that were previously covered under Bulletin 13.

The agreement forms relating to Bulletins 12 and 13 have also been revised into one agreement form (TR-383), titled "Automatic Charge/Credit Agreement." Our Form TR-411, authorizing us to deliver cash letters to a processing center, has been revised to cover, in addition, our presentment of return letters as required under Regulation CC. Our new TR-411 form is titled "Letter of Authority to Deliver Cash Letters and/or Return Letters." Copies of these forms are in Bulletin 12 as Exhibits I and II.

**ENCLOSURE**

Enclosed is revised Bulletin 12, which replaces both Bulletin 12 and Bulletin 13. Please insert it in your Bulletins binder and discard the old Bulletins 12 and 13.

**MORE INFORMATION**

For additional information, please contact Robert L. Whitman, (214) 698-4357, at the Dallas Office; Eloise Guinn, (915) 544-4730, at the El Paso Branch; Luke E. Richards, (713) 652-1544, at the Houston Branch; or Herb Barbee, (512) 224-2141, at the San Antonio Branch. For additional copies of this circular, please contact the Public Affairs Department at (214) 651-6289.

Sincerely yours,

A handwritten signature in cursive script, reading "William H. Waller". The signature is written in black ink and is positioned below the typed name "Sincerely yours,".

## BULLETIN 12

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# CHECK and RETURN ITEM SETTLEMENT and DELIVERY

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FEDERAL RESERVE BANK OF DALLAS

### **SCOPE**

This Bulletin sets forth the terms and conditions under which the Federal Reserve Bank of Dallas and its branches at El Paso, Houston, and San Antonio will automatically settle to an account on the books of the Federal Reserve Bank for commercial cash letters, return item letters, and related adjustments or entries. It also covers this Bank's off-premises delivery of cash letters and its presentment of return letters.

**BULLETIN 12**  
**CHECK AND RETURN ITEM SETTLEMENT AND DELIVERY**  
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## GENERAL

1. This Bulletin provides for payment by automatic charge to an account at a Federal Reserve Bank maintained or used by a bank (as paying or depository bank) for the gross amounts of cash letters and return letters received from this Bank and for other credits or debits and fees in connection with cash letters, cash items, return letters, or returned checks handled or accounted for by this Bank. This Bulletin also provides for requests for delivery and presentation of cash letters and return letters, if applicable, to locations other than the premises of the Bank. This Bulletin is issued pursuant to Sections 4, 13, 14(e), and 16 of the Federal Reserve Act and related statutes and in conformity with the provisions of related statutes and Subpart A of Regulation J and Subpart C of Regulation CC of the Board of Governors of the Federal Reserve System. It is binding on each party interested in an item this Bank handles.

2. The definitions of terms set forth or incorporated in Regulation J, including terms defined in Regulation CC, and terms defined in this Bank's Bulletin 8 apply in this Bulletin, except as otherwise provided. The term "respondent" is defined as a bank or nonbank payor that receives from or presents to this Bank cash items or returned checks for payment or credit. The term "correspondent" is defined as a bank that settles for another bank through its own account at the Federal Reserve Bank. Many terms used in this Bulletin have specialized meanings that have developed through law, custom, and/or commercial usage. Unless otherwise stated, references such as "this Bank," "we," "us," and "our" are to the Federal Reserve Bank of Dallas and its branches at El Paso, Houston, and San Antonio.

3. This Bulletin also applies to any state or political subdivision of a state to which we present direct as cash items any bills, notes, and warrants that are issued by the state or political subdivision and that are payable in the Eleventh Federal Reserve District.

## METHOD OF PAYMENT

4. If payment for cash letters and return letters is to be made by charge to an account on our books or by charge to another bank's account (correspondent bank) on our books or on the books of another Federal Reserve Bank (by arrangement), the respondent bank must execute our Automatic Charge/Credit Agreement ("autocharge agreement"), Form TR-383. By execution of the agreement, the bank also agrees to the terms of this Bulletin and our Bulletins 8 and 10, which pertain to the collection and return of cash items. If the settlement is to be posted to another bank's account on our books, the correspondent bank must authorize such action and agree to the terms of this Bulletin by signing the autocharge agreement.

5. We charge the account maintained or used by the paying bank for the gross amount of cash letters on the banking day of receipt of the cash letters, as provided in Section 210.9 of Regulation J and Bulletin 8. We charge the account maintained or used by the depository bank for the gross amount of return letters on the banking day of receipt of the return letters, as provided in Section 229.32 of Regulation CC and Bulletin 8.

6. A bank paying for cash letters or return letters by a charge to its own account agrees to maintain to its credit, in its reserve or clearing account on our books, a balance of actually and finally collected funds sufficient to cover charges under this Bulletin and all other charges to the bank's account.

7. If payment for cash letters or return letters is to be made by a charge to a correspondent bank's account on our books, the correspondent bank agrees to maintain to its credit, in its reserve or clearing account on our books, a balance of actually and finally collected funds sufficient to cover charges under this Bulletin and all other charges to the bank's account. Unless otherwise agreed by the respondent bank and its correspondent bank, the

respondent bank agrees to maintain in its account with the correspondent bank a balance, free from any encumbrance, sufficient to cover all charges under this Bulletin, and the correspondent bank may debit and credit to the respondent bank's account the amount of any debit or credit made by us to the correspondent bank's account under this Bulletin with respect to the respondent bank. But we assume no responsibility for any obligations of the respondent bank and its correspondent bank to each other.

### ADVICES AND ADJUSTMENTS

8. We send to a bank and to its correspondent bank an advice of charge for our cash letter or return letter. The bank must notify us, by a telephone call to the Customer Assistance Division at the Dallas Office or to the Adjustment Division at the appropriate branch, of nonreceipt of a cash letter or return letter. The bank must notify, by prescribed forms, the Adjustment Division of the office that sent the cash letter or return letter of a difference exceeding \$1.00 between the amount of the items received in a cash letter or return letter and the amount of an advice of charge. If we receive prompt notice, we will make an appropriate credit or debit to the account maintained or used by the respondent bank. If a bank subsequently receives the cash letter, return letter, or item that was credited by us upon receipt of a notice of nonreceipt or difference and it is not covered by another advice of charge, the bank must promptly notify the Adjustment or Return Division of the office that sent the cash letter or return letter. We will charge the account maintained or used by the bank for the letter or item. We reserve the right to make appropriate as-of adjustments for reserve purposes if we do not receive prompt notice. See Bulletin 8 for the handling of missent items.

9. An account holder must notify us promptly of any objection to our statement of account regarding charges or credits for cash items, cash letters, return letters, or adjustments thereto.

### CREDITS FOR CASH LETTER DEPOSITS, RETURN LETTER DEPOSITS, AND OTHER CREDIT OR DEBIT ENTRIES FOR ADJUSTMENT OR SERVICE CHARGES

10. Under this Bulletin, we also credit or debit the account maintained or used by a bank for cash letters sent to us by the bank for collection, for return letters sent to us by the bank for return, for other causes in connection with cash letters and return letters sent by the bank to us for collection and return, and for cash letters and return letters received by the bank from us, including service charges. We send advices of credit or debit to the bank and a correspondent bank. Settlement for noncommercial cash letters (U.S. Treasury checks, savings bonds, postal money orders, and food coupons) is not covered under this Bulletin.

11. We give credit for cash items or return checks that are sent with our permission to a relay station maintained by us upon receipt at this Bank's office. Senders are responsible for filling out receipts for deposits at a relay station, and we have no responsibility for identifying items lost between a relay station and our office.

### TIMING

12. Deferred credits or debits will be posted to a designated account at the time of origin. Because we process 24 hours a day, it may be necessary to post some entries (online adjusting entries and off-site cash letter charges) to a newly designated account one banking day before the designated effective date on the autocharge agreement.

### DELIVERY AND PRESENTMENT

13. We may make delivery and presentment to locations other than a bank's own premises, as provided in Bulletin 8 and this Bulletin. If a bank wants delivery or presentment of cash letters or return letters to be made to a location other than its

own premises, either within or without the territory of our processing office, or if a bank has not made other arrangements and we must mail its return letters to that bank, it must execute our Letter of Authority to Deliver Cash Letters and/or Return Letters, Form TR-411. A bank agrees that any loss of, damage to, or expenses of tracing and duplicating any item occurring after delivery or presentment thereof by us and before return of any such item to us shall be at its risk and expense. A bank also agrees to hold us harmless from any loss incurred by reason of, or arising out of, any delivery or mailing by us hereunder and for any loss incurred by reason of, or arising out of, the respondent bank's failure to perform any of its obligations. A bank further agrees to comply with the provisions of Regulation J, Regulation CC, our Bulletin 8, and this Bulletin, including the timely return of unpaid items, as if such cash letters had been delivered directly to the respondent bank.

14. If a bank appoints a processing organization to receive its items, it also appoints and entitles the processing organization to be an agent for the bank to make the notifications and requests called for in our bulletins and regulations and to forward return checks to us. This appointment of the processing organization as agent does not relieve the respondent bank of any liabilities to this Bank under this Bulletin or otherwise.

#### **SUCCESSION**

15. A name change, merger, or succession does not terminate an agreement hereunder. However, we request that a new agreement be filed with us in a timely manner.

#### **SUSPENSION**

16. A correspondent or respondent bank may suspend its authorization for a specific daily automatic charge to its account by delivering written notification to an officer of the Financial Planning and

Control Department or Payments Mechanism Department at the respondent bank's local Federal Reserve office by 1:00 p.m. If the respondent bank suspends an automatic charge, it must furnish other acceptable and timely payment to us or the charge will stand. If the correspondent bank suspends a specific daily automatic charge, it also must notify an officer of the respondent bank by 1:00 p.m.

The charge will be made to the correspondent bank's account unless remittance in an alternative form acceptable to this Bank is received by the end of our banking day. The suspension does not affect the continuing existence of the autocharge agreement, which remains in place until terminated.

#### **TERMINATION**

17. Agreement to this Bulletin may be terminated by this Bank, the respondent bank, or the correspondent bank (as to payment) and by this Bank, the respondent bank, or the processor (as to delivery and presentment) by delivery of a written notice or replacement agreement. Notice to this Bank will be effective five (5) banking days after receipt of the notice by us or on another day, specified in the notice, that is agreeable to us. Termination by this Bank will be effective at the time stated in our notice. Termination will not affect our right to make entries to the account for all cash letters or return letters handled or dispatched by us and for all adjustments initiated by us before the termination.

#### **RIGHT TO AMEND**

18. We reserve the right to amend this Bulletin and any appendix, exhibit, or supplement to it at any time.



EXHIBIT I

**AUTOMATIC CHARGE/CREDIT AGREEMENT**

To: Federal Reserve Bank of Dallas at

- Dallas
- El Paso
- Houston
- San Antonio

The \_\_\_\_\_, respondent bank, and \_\_\_\_\_, correspondent bank (if applicable), agree to the terms and conditions set forth in your Bulletin 12 for the automatic charging and crediting of entries pertaining to the collection and return of cash items.

We, the respondent bank and/or correspondent bank, hereby authorize the Federal Reserve Bank to make entries to our account as follows:

- 1 (a) Charge correspondent's account for cash items drawn on respondent.
  - (b) Charge respondent's account for cash items drawn on it.
- 2 (a) Charge/credit correspondent's account for return letters and subsequent cash letter adjustments.
  - (b) Charge/credit respondent's account for return letters and subsequent cash letter adjustments.
- 3 (a) Credit correspondent's account for commercial cash letters deposited by respondent and make related adjustments thereto.
  - (b) Credit respondent's account for commercial cash letters it deposits and make related adjustments thereto.

Service fees will be posted to the same account as the related service.

This agreement will become effective on \_\_\_\_\_ and should be received at the Federal Reserve no later than five (5) business days before the stated effective date.

We, the party(ies) below, have caused this agreement to be executed by our duly authorized officer(s).

Name of Respondent Bank	Routing Number(s)
Location	(     )
City	Telephone Number
Mailing Address	Authorized Signature
City	Printed Name and Title
State	
ZIP	

We agree to be the correspondent bank for the above-named respondent bank and agree to the terms and conditions set forth in your Bulletin 12. We authorize you to charge and/or credit our account on your books, as evidenced in this agreement.

Name of Correspondent Bank	Routing Number (Account)
Mailing Address	Authorized Signature
City	Printed Name and Title
State	
ZIP	

EXHIBIT II

**LETTER OF AUTHORITY TO DELIVER CASH LETTERS AND/OR RETURN LETTERS**

To: Federal Reserve Bank of Dallas at

- Dallas
- El Paso
- Houston
- San Antonio

The \_\_\_\_\_  
 (Name, Office, Routing Number of the Depository Institution)

hereby requests you to make presentment of all drafts, checks, and other cash items drawn on us and being presented by or through your Bank to our agent (processor), listed below, by the delivery of said items to processor or to its messenger. By making this request, this institution agrees to the terms and conditions set forth in Regulation J and Regulation CC of the Federal Reserve Board of Governors, Federal Reserve Bank of Dallas' Bulletins 8 and 12 pertaining to the collection and return of cash items, and any amendments and changes to the regulations and bulletins that may be made hereafter.

Name of Processor (Agent)	(     ) Telephone Number
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Delivery Location	City	State	ZIP	Routing Number
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We also request and authorize the delivery of our return letters as indicated below.

Check One:

- Please deliver our return letters with our cash letters to our processor. Processor has agreed to accept our return letters and other settlement documents from the Federal Reserve.
- Please make our return letters available for pickup at the Federal Reserve office.
- Please mail our return letters to us.
- Other: \_\_\_\_\_

This agreement will become effective on \_\_\_\_\_ and should be received at the Federal Reserve no later than five (5) business days before the stated effective date.

Name of Respondent Bank	Routing Number(s)
Location	(     ) Telephone Number
Mailing Address	Authorized Signature
City	Printed Name and Title
State	
ZIP	