



FEDERAL RESERVE BANK  
OF DALLAS

HELEN E. HOLCOMB  
FIRST VICE PRESIDENT AND  
CHIEF OPERATING OFFICER

August 30, 1996

DALLAS, TEXAS  
75265-5906

**Notice 96-88**

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

**SUBJECT**

**Large Dollar Check Policy**

**DETAILS**

Federal Reserve Banks are committed to reducing risk in the nation's payments system through a variety of means. This notice serves as an announcement of one such step, intended to address the risks involved with handling as cash items checks written for very large dollar values. Effective October 1, 1996, Federal Reserve Banks will not handle as cash items checks valued at \$100 million or more.

In this regard, Reserve Banks will adhere to subparagraph 7 (d) of our Check Collection Operating Circular 8, "Collection of Cash Items." The Circular states that Reserve Banks do not handle as cash items checks that have "not been preprinted or post-encoded in accordance with the American National Standard Specifications for Placement and Location of MICR Printing, X9.13 (September 1983)." Checks with a value of \$100 million or above cannot be encoded and must be processed manually.

We are revising our Operating Circular to state that Reserve Banks will not accept as cash items checks of \$100 million or more, or items of lesser value that, in our view, are intended to avoid the restriction on handling items of this size. Reserve Banks will send such items back to the depositing institution with a debit to its account.

We believe that transfers of very large value should not be subject to the delays and uncertainties of the paper check collection system. We strongly encourage depository institutions and their customers to use secure electronic payment mechanisms with immediate or same-day finality for large-value transactions.

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For additional copies, bankers and others are encouraged to use one of the following toll-free numbers in contacting the Federal Reserve Bank of Dallas: Dallas Office (800) 333-4460; El Paso Branch *Intrastate* (800) 592-1631, *Interstate* (800) 351-1012; Houston Branch *Intrastate* (800) 392-4162, *Interstate* (800) 221-0363; San Antonio Branch *Intrastate* (800) 292-5810.

This initiative is one of many measures that Federal Reserve Banks intend to pursue to reduce risk in the payments system. In working toward this important goal, we are appreciative of the ongoing cooperation and participation of the financial industry.

**MORE INFORMATION**

For more information, please contact Terry Campbell, (214) 922-6603, at the Dallas Office; Eloise Guinn, (915) 521-8201, at the El Paso Office; Luke Richards, (713) 652-1544, at the Houston Office; or Herb Barbee, (210) 978-1402, at the San Antonio Office.

For additional copies of this Bank's notice, please contact the Public Affairs Department at (214) 922-5254.

Sincerely,

*Helen E. Holcomb*