

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 2013]
December 21, 1939]

REVISION OF CIRCULAR RELATING TO
COLLECTION OF CASH ITEMS

*To the Member and Nonmember Clearing Banks
of the Second Federal Reserve District:*

We are issuing, and transmitting herewith, Circular No. 2012, effective January 2, 1940, entitled "Collection of Cash Items", which will supersede Circular No. 1970, dated September 1, 1939.

The reason for the revision by Federal Reserve banks at this time of their circulars entitled "Collection of Cash Items" is to comply with the request of the American Bankers Association in relation to the change, recommended by the association to banks and clearing houses, from the present practice of not protesting items of \$10 or less to the practice of not protesting items of \$50 or less. At the annual convention of the American Bankers Association, held in Seattle in September, 1939, the Executive Council of the association adopted a resolution which recited that a survey of the opinions of banks throughout the country revealed that a large majority favored such change; that the Bank Management Commission of the American Bankers Association, upon the basis of such survey, had recommended such change to banks and clearing houses and that many clearing houses had adopted rules changing their protest practice accordingly; but that the change could not be made fully effective without the cooperation of the Federal Reserve banks. The resolution, therefore, requested the Federal Reserve banks to conform to the new protest practice beginning January 2, 1940. All Federal Reserve banks are amending their circulars relating to "Collection of Cash Items" accordingly, effective January 2, 1940.

In conformity with the circulars of other Federal Reserve banks effective January 2, 1940, Section 6 of our Circular No. 2012 enclosed herewith, effective January 2, 1940, relating to "Collection of Cash Items", reads in part as follows:

"SECTION 6. UNIFORM INSTRUCTIONS

Federal Reserve banks will receive, handle and forward cash items subject to the following uniform instructions regarding protest and advice of nonpayment:

- (1) DO NOT PROTEST items of \$50.00 or less.
- (2) PROTEST dishonored items of \$50.01 or over, except those bearing on their face the A. B. A. no protest symbol of the Federal Reserve bank or of a preceding bank endorser."

The enclosed circular, containing the foregoing provisions, will not become effective until January 2, 1940. Until that date the provisions relating to protest contained in our present Circular No. 1970 remain in effect, providing for the protest of items of \$10.01 or over unless bearing on their face the A. B. A. no protest symbol.

Additional copies of the enclosed circular will be furnished by this bank upon request.

GEORGE L. HARRISON,
President.