

FEDERAL RESERVE BANK OF NEW YORK

[Circular No. 3342]
June 3, 1948]

REVISION OF TIME SCHEDULES

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

We transmit herewith a copy of our revised Operating Circular No. 5, entitled "New York Head Office Time Schedule," and a copy of our revised Operating Circular No. 6, entitled "Buffalo Branch Time Schedule," both effective today.

The changes in substance made by the new circulars relate to the following:

1. Earlier availability of items received and accepted at head office and Buffalo branch

As part of a System-wide effort to expedite the collection of cash items payable in other Federal Reserve districts, we have, since October 1945, experimented extensively with the use of air transportation. To meet the problems arising during the experimental phase of this effort, special crash-proof and fire-proof containers were developed, special pick-up and delivery services at New York and other Federal Reserve bank and branch cities were arranged, and special air schedules and other innovations were introduced. Cash items are now being sent by air to all other Federal Reserve bank and branch cities (except Philadelphia and Baltimore because of their proximity); and many direct-sending member banks in the New York and Buffalo metropolitan areas are taking advantage of this facility by delivering to us, for consolidation with our shipments by air, their own shipments of cash items to other Federal Reserve banks. Our experience since inaugurating this service indicates that we have shortened, by one day, the collection time of items payable in a number of Federal Reserve bank and branch cities on a sufficiently consistent basis to enable us to grant earlier availability for such items.

Operating Circular No. 5 has, therefore, been revised to provide for a one day earlier availability for deferred credit items payable in sixteen Federal Reserve bank and branch cities, and Operating Circular No. 6 has been revised to provide for a one day earlier availability for deferred credit items payable in eight Federal Reserve bank and branch cities. While we have also effected a shortening of from one to three days in the time required for the presentment of items payable in localities outside of a number of Federal Reserve bank and branch cities, we have not shortened the availability time for such items because our maximum availability, three business days, is the shortest possible time in which any item payable in localities outside of other Federal Reserve bank and branch cities can be collected. As further benefits are realized from our use of air transportation, we shall extend them to you.

2. Processing of interdistrict items at head office on Saturdays

Operating Circular No. 5, as revised, gives effect to arrangements made at our head office to receive and accept cash items payable in other Federal Reserve districts on each Saturday (which is not otherwise a public holiday), beginning June 5, 1948, when received by 10:30 a.m. on such days. The availability of items payable in other Federal Reserve districts dispatched on each such Saturday by direct-sending banks will likewise be computed from the day of dispatch.

3. Availability of items sent direct

Pursuant to the terms of the revised circulars, we will give credit for cash items payable in Federal Reserve bank and branch cities, which are sent with our permission direct to other Federal Reserve banks for our account, based on the time (not in excess of three business days) normally required for the collection thereof as indicated in separate availability schedules which will be furnished to the respective direct-sending banks.

4. Transfer drafts

The revised circulars require that drafts drawn by member and nonmember clearing banks on their commercial bank correspondents, when sent direct to other Federal Reserve banks, should be sent with separate cash letters; and separate advices (marked "Transfer Drafts") of such direct sendings should be sent to our head office or Buffalo branch, as the case may be.

Additional copies of the revised operating circulars will be furnished upon request.

ALLAN SPROUL, *President.*