

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 3640]
January 8, 1951]

COLLECTION OF CASH ITEMS

Amendments of Operating Circulars Nos. 4, 5 and 6

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

We transmit herewith a copy of each of the following, all effective January 12, 1951:

- (1) First Supplement to Operating Circular No. 4, entitled "Collection of Cash Items,"
- (2) Operating Circular No. 5, entitled "New York Head Office Time Schedule," and
- (3) Operating Circular No. 6, entitled "Buffalo Branch Time Schedule."

These circulars have been revised to give effect to the uniform action of the Federal Reserve Banks in reducing from three to two days the maximum period of deferment of credit for cash items. Accordingly, effective January 12, 1951, the Federal Reserve Banks will credit member and nonmember clearing banks within two business days or less for all cash items deposited with them for collection. Items which have heretofore been handled for immediate credit or for one-day deferred credit will continue to be handled on that basis.

The revised time schedules also provide that any member or nonmember clearing bank which has for collection a daily average of not more than 300 *immediate-credit and deferred-credit* cash items payable outside of the city or town in which such bank is located, exclusive of United States Government checks, may, upon application, be permitted to send all items to our Head Office or Buffalo Branch unsorted in a single cash letter for credit in one business day after receipt. United States Government checks may be included in such unsorted cash letter for one-day credit or sent in a separate cash letter for immediate credit.

Operating Circular No. 5 has also been revised to provide that, effective January 12, 1951, credit for items payable in the cities of Jacksonville and Nashville will be given one calendar day after receipt instead of two calendar days after receipt.

The First Supplement to Operating Circular No. 4 includes an amendment to that circular concerning the sending over the Federal Reserve leased wires without cost to member and nonmember clearing banks of telegrams relating to cash items which have been deposited for collection through the Federal Reserve check collection system.

Additional copies of this circular and of the enclosures will be furnished upon request.

ALLAN SPROUL,
President.