

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 3682]
March 30, 1951]

RETURN OF UNPAID CHECKS AND OTHER CASH ITEMS

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

Effective Monday, April 9, 1951, the rules and regulations of The New York Clearing House Association will be changed to provide for the return of all unpaid checks and other cash items not later than 2 a.m. of the next business day after presentation. A similar change will also become effective on the same date in the collection arrangement (commonly known as the Manhattan, Bronx, and Brooklyn collection arrangement) pursuant to which we make presentation to certain banks located in New York City, which are not members of the New York Clearing House Association, to provide for the return by such banks of unpaid checks and other cash items not later than 11 p.m. of the day of presentation. Please consider, therefore, the effect of these changes in allowing time for the return of unpaid items and receipt of notices of nonpayment in the case of checks and other cash items drawn on, or payable at or through, banks which are located in New York City.

The changes referred to above are limited to checks and other cash items; they do not apply to notes and other noncash items sent to us for collection in accordance with the terms and conditions of our Operating Circular No. 8, Revised November 1, 1949, entitled "Collection of Noncash Items."

ALLAN SPROUL,
President.

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FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

March 30, 1951.

THREE OPTIONS FOR OWNERS OF SAVINGS BONDS

To Owners of Series E Savings Bonds:

Under the provisions of a new law, you may choose any of the following options when your Series E Savings Bonds mature:


Option 1. You can receive full cash payment of the face amount. Two other choices have been added in a law passed by Congress and signed by the President, but they do not affect in any way your right to payment in cash. You can always cash in your bond at most banks or other paying agents, at a Federal Reserve Bank or branch, or at the United States Treasury.

Option 2. You can continue to hold your bond for another ten years. If you do, it will earn $2\frac{1}{2}$ per cent simple interest a year for the first $7\frac{1}{2}$ years, and then an increased interest rate for the remaining $2\frac{1}{2}$ years, so that the rate for the full ten years is approximately 2.9 per cent compounded semiannually. (For example, a bond bought for \$18.75 ten years ago is now worth \$25; in another ten years it will be worth \$33.33.) If you choose this option, you don't have to do anything when your Series E bond matures; if you just continue to hold it, the life of the bond will be extended automatically. You can, of course, cash the bond at any time during the second ten years. If you do, you will receive the face amount plus the accrued interest. Under this option, you also continue to have the choice of paying income taxes on the interest in the year it is earned, or in the year in which the bonds mature or are redeemed.

Option 3. You can exchange your bond for a Series G Savings Bond, which is registered in your name and earns interest at the rate of $2\frac{1}{2}$ per cent annually. This interest is paid by Treasury check semiannually from the time you get the bond until it matures 12 years later. Unlike the Series E bond, the interest on a Series G bond is subject to income taxes each year. This Series G bond may be redeemed for the face amount at any time during its life (after six months from the issue date upon one calendar month's notice). This bond is designed for those people who would like to have an income from interest payments each year. The smallest denomination in which it is issued, however, is \$500, and therefore you must have at least \$500 in matured Series E bonds to get a Series G bond. Such Series E bonds must have matured within a twelve-month period.

If you would like any additional information about these choices, or about Savings bonds in general, your bank will be glad to help you. The rules governing these options are set forth in Treasury Department Circular No. 885, copies of which are available upon request.

SAVINGS BOND DEPARTMENT

 We are now holding Series E bonds in safekeeping for your account. Unless otherwise notified, we shall assume that you wish to extend the maturities of these bonds, as explained in Option 2 above.

If you should wish to withdraw or redeem your bonds at any time, please present your passbook along with the request for withdrawal or redemption.