

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 5424]
December 2, 1963]

COLLECTION OF ITEMS REQUIRING SPECIAL HANDLING AS NONCASH ITEMS

**Amendment to Regulation G and Supplements to Operating
Circulars Nos. 4 and 8, Effective January 1, 1964**

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

In our Circular No. 5307, dated March 1, 1963, we informed you that, effective January 1, 1964, checks, drafts, or similar instruments that cannot be handled by the Federal Reserve office to which they are to be first sent in a manner in which such office customarily handles cash items, will be considered by such Federal Reserve office to be items requiring special handling and must be sent to such Federal Reserve office as *noncash* items. (Items requiring special handling are those that cannot be processed in the customary manner through the low-speed proof machine equipment in use at Federal Reserve offices.) We further informed you that, on and after the effective date, all such items which should have been sent as noncash items, but which were sent as cash items, will be handled by the receiving Federal Reserve office as follows:

- (a) Items of less than \$1,000 received from banks located outside the city of the receiving Federal Reserve office will be charged back and returned;
- (b) Items of \$1,000 or more received from banks located outside the city of the receiving Federal Reserve office will be charged back and entered for collection as noncash items; and
- (c) Items received from banks located in the same city as the receiving Federal Reserve office, regardless of amount, will be charged back and returned.

We pointed out that this action was in furtherance of efforts by The American Bankers Association, individual commercial banks, and the Federal Reserve System to eliminate "headache" items from the check collection system, and that it is contemplated that as an increasing volume of items is processed by Federal Reserve offices on high-speed document-handling equipment, additional instructions with respect to the forwarding of "headache" items, including all envelope drafts and checks with vouchers attached, may be issued. We also pointed out that changes implementing the action were being made in Regulation G of the Board of Governors of the Federal Reserve System and in this Bank's Operating Circulars Nos. 4 and 8, all effective January 1, 1964. Copies of the amendments to the regulation and operating circulars are enclosed, and additional copies will be furnished upon request.

We again request your cooperation in eliminating items requiring special handling from entering the check collection system.

ALFRED HAYES,
President.

COLLECTION OF NONCASH ITEMS

AMENDMENT TO REGULATION G

(12 CFR Part 207)

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective January 1, 1964, paragraphs (d) through (f) of Section 207.1 are redesignated as paragraphs (e) through (g), respectively, and the following new paragraph (d) is added:

SECTION 207.1 – DEFINITION OF NONCASH ITEMS

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(d) Checks, drafts, and other items with special instructions or requiring special handling.

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FEDERAL RESERVE BANK
OF NEW YORK

Second Supplement to
Operating Circular No. 4
(Revised effective August 10, 1960)
December 2, 1963

COLLECTION OF CASH ITEMS

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

Effective January 1, 1964, paragraph 3 of Operating Circular No. 4, Revised effective August 10, 1960, is hereby amended to read as follows:

3. Items with passbook, certificate or any other document attached, and items with special instructions or requiring special handling must be sent to us as noncash collections, subject to the terms of our current circular relating to the collection of noncash items. We reserve the right to return or to handle as a noncash collection any item which has been previously dishonored.

ALFRED HAYES,
President.

FEDERAL RESERVE BANK
OF NEW YORK

[Fourth Supplement to
Operating Circular No. 8
(Revised effective August 18, 1960)
December 2, 1963]

COLLECTION OF NONCASH ITEMS

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

Effective January 1, 1964, paragraph 1 of Operating Circular No. 8, Revised effective August 18, 1960, is hereby amended by inserting the following new subparagraph 4 therein and renumbering the present subparagraphs 4-6 as 5-7:

(4) Checks, drafts, and other items with special instructions or requiring special handling.

ALFRED HAYES,
President.