

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 5545]
[September 1, 1964]

COLLECTION OF CASH ITEMS AND NONCASH ITEMS

Amendments to Regulations J and G
Revisions of Operating Circulars Nos. 4 and 8

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

Enclosed are copies of the following documents, all effective September 1, 1964:

- Amendment to Regulation J of the Board of Governors of the Federal Reserve System,
on Check Clearing and Collection
- Amendment to Regulation G of the Board of Governors of the Federal Reserve System,
on Collection of Noncash Items
- Operating Circular No. 4 of this Bank, on Collection of Cash Items
- Operating Circular No. 8 of this Bank, on Collection of Noncash Items

The amendments to the Regulations provide that (1) Federal Reserve Banks, as collecting banks, shall receive the same warranties from sending banks located in jurisdictions in which the Uniform Commercial Code is not in effect as Federal Reserve Banks located in jurisdictions in which the Code is in effect give to banks to which they forward items, and (2) a Federal Reserve Bank that sends items to another Federal Reserve Bank makes the same warranties and agreements as are made by a member or nonmember bank that sends items to a Federal Reserve Bank. Conforming changes appear in paragraph 10 (formerly 8) of Operating Circular No. 4, and in paragraph 8 of Operating Circular No. 8.

The revised Operating Circulars Nos. 4 and 8 also incorporate the outstanding supplements to the superseded editions of such circulars and, in addition to editorial changes, contain the following changes:

Operating Circular No. 4

Paragraph 7, which is new, provides that items drawn on one office of a bank will not be accepted from another office of the same bank for collection as either cash items or noncash items.

Paragraph 14 (formerly 12) contains an additional provision that all cash letters and accompanying tape listings sent to us, or to another Federal Reserve Bank direct for our account, should be dated and identified with the name and A.B.A. transit number of the sending bank.

(OVER)

Paragraphs 26 and 29 (formerly 24 and 27) provide that this Bank may recover or revoke any refund, deduction, or credit made, allowed, or given by it for any item returned after the time allowed by Regulation J unless we are instructed not to do so by our sending bank. Formerly, the paragraphs provided that such recovery or revocation could be effected only if the late return was not "acquiesced in" by the sending bank.

Paragraph 27 (formerly 25) contains an additional provision indicating that we have available a return item cash letter form (Form R&R 82) for use by member and nonmember clearing banks that return unpaid items listed on a separate cash letter for credit on our books.

Paragraph 32 (formerly 30), which formerly provided, among other things, for reimbursement of transportation costs on all items sent direct to an office of this Bank other than the one at which the sending bank's reserve account is carried, has been amended to limit such reimbursement to direct sendings of items payable in Buffalo or New York City. The revised paragraph also states that banks that by arrangement deliver cash items payable in other Federal Reserve Districts to this Bank for consolidated shipment should not deviate from the arrangement except upon prior approval of this Bank.

Paragraph 35, which is new, contains provisions designed to protect this Bank from liability for any delay resulting from either (1) its forwarding any cash item to its destination on the basis of the inscribed routing symbol and A.B.A. transit number of the payor bank appearing on the item, or on the basis of the name of the payor bank appearing thereon, or (2) its inscribing the routing symbol and A.B.A. transit number of the payor bank on a cash item that lacks any such symbol or number, and forwarding the item accordingly.

Operating Circular No. 8

Paragraph 16 provides that immediate credit will be given for due or past due coupons paid or redeemed by us and listed in a separate totaled letter, if received by 3 p.m. (instead of 10:30 a.m.) on any business day.

Paragraph 25 provides for credit to be given for maturing certificates of deposit on the same basis as maturing bankers' acceptances.

Additional copies of the enclosures will be furnished upon request.

ALFRED HAYES,
President.

CHECK CLEARING AND COLLECTION

AMENDMENTS TO REGULATION J

(12 CFR Part 210)

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective September 1, 1964, the presently undesignated first paragraph of § 210.5 is designated as paragraph (a), the present paragraphs (a) through (i) of § 210.5 are redesignated as paragraphs (b) through (j), respectively, and the presently undesignated first paragraph of § 210.5 and the present paragraph (a) of such section are revised to read as follows:

SECTION 210.5—TERMS OF COLLECTION

(a) The Board of Governors of the Federal Reserve System hereby authorizes the Federal Reserve banks to handle such checks subject to the following terms and conditions; and each member and non-member clearing bank and each Federal Reserve bank which sends checks to a Federal Reserve bank for deposit or collection shall by such action be deemed: (1) to authorize the Federal Reserve banks to handle such checks subject to the following terms and conditions; (2) to warrant its own authority to give the Federal Reserve banks such authority; (3) to agree to indemnify any Federal Reserve bank for any loss or expense sustained (including but not limited to attorneys' fees and expenses of litigation) resulting from the failure of such sending bank to have such authority, or resulting from such Federal Reserve bank's guaranty of prior endorsements, or resulting from any action taken by the Federal Reserve bank within the scope of its authority for the purpose of collecting such checks, or resulting from any and all warranties by the Federal Reserve bank, in respect of such checks, under the law of any State applicable to the Federal Reserve bank as a collecting bank; (4) to guarantee all prior endorsements on such checks whether or not a specific guaranty is incorporated in an endorsement of the sending bank; and (5) to warrant to the Federal Reserve bank, in respect of such checks, all such matters and things as the Federal Reserve bank shall warrant in respect thereof under the law of any State applicable to the Federal Reserve bank as a collecting bank; provided, that nothing herein contained shall, or shall be deemed to, constitute a limitation upon the effect of any warranty by such sending bank arising under the law of any State applicable to such sending bank as a collecting bank.

(b) A Federal Reserve bank will act only as agent of the bank from which it receives such checks and will assume no liability except for its own negligence, its guaranty of prior endorsements and its warranties under the law of any State applicable to it as a collecting bank.

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COLLECTION OF NONCASH ITEMS

AMENDMENTS TO REGULATION G

(12 CFR Part 207)

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective September 1, 1964, paragraphs (a) and (b) of Section 207.3 are revised to read as follows:

SECTION 207.3—TERMS OF COLLECTION

(a) **Agreement of sending bank.**—Each member and nonmember clearing bank and each Federal Reserve bank which sends noncash items to a Federal Reserve bank for collection shall by such action be deemed: (1) to authorize the Federal Reserve banks to handle such items subject to the terms and conditions of this part; (2) to warrant its own authority to give the Federal Reserve banks such authority; (3) to agree to indemnify any Federal Reserve bank for any loss or expense sustained (including but not limited to attorneys' fees and expenses of litigation) resulting from the failure of such sending bank to have such authority, or resulting from such Federal Reserve bank's guaranty of prior endorsements, or resulting from any action taken by the Federal Reserve bank within the scope of its authority for the purpose of collecting such noncash items, or resulting from any and all warranties given by the Federal Reserve bank, in respect of such items, under the law of any State applicable to the Federal Reserve bank as a collecting bank; (4) to guarantee all prior endorsements on such items whether or not a specific guaranty is incorporated in an endorsement of the sending bank; and (5) to warrant to the Federal Reserve bank, in respect of such items, all such matters and things as the Federal Reserve bank shall warrant in respect thereof under the law of any State applicable to the Federal Reserve bank as a collecting bank; provided, that nothing herein contained shall, or shall be deemed to, constitute a limitation upon the effect of any warranty by such sending bank arising under the law of any State applicable to such sending bank as a collecting bank.

(b) **Federal Reserve bank as agent.**—A Federal Reserve bank will act only as agent of the bank from which it receives such noncash items and will assume no liability except for its own negligence, its guaranty of prior endorsements and its warranties under the law of any State applicable to it as a collecting bank.

FEDERAL RESERVE BANK
OF NEW YORK

[Operating Circular No. 4
Revised effective September 1, 1964]

COLLECTION OF CASH ITEMS

*To the Member and Nonmember Clearing Banks
of the Second Federal Reserve District:¹*

Regulation J of the Board of Governors of the Federal Reserve System, this circular, and our time schedules prescribe the terms and conditions upon which we will receive and handle cash items for collection. Section 210.6 of Regulation J provides that each Federal Reserve Bank may promulgate rules not inconsistent with the terms of the law or of Regulation J, governing the details of its operations in clearing and collecting checks and other cash items, and that such rules shall be binding upon any member or nonmember clearing bank which sends any check or other cash item to such Federal Reserve Bank for collection or to any other Federal Reserve Bank for the account of such Federal Reserve Bank for collection. This circular and our time schedules are issued pursuant to this provision of Regulation J.

Items which will be accepted as cash items

1. The following will be accepted for collection as cash items:

(1) Checks drawn on banks or banking institutions (including private bankers) located in any Federal Reserve District² which are collectible at par in funds acceptable to the collecting Federal Reserve Bank. The "Federal Reserve Par List," indicating the banks upon which checks will be received by Federal Reserve Banks for collection and credit, is furnished from time to time and a supplement is furnished each month showing changes subsequent to the last complete list. This list is subject to change without notice and the right is reserved to return without presentment any items drawn on banks which may have withdrawn or may have been removed from the list or may have been reported closed.

(2) Government checks drawn on the Treasurer of the United States.

(3) Postal money orders (United States postal money orders; United States international postal money orders; and domestic-international postal money orders).

(4) Such other items, collectible at par in funds acceptable to the Federal Reserve Bank of the District in which such items are payable, as we may be willing to accept as cash items. When any such item is accepted

¹ The instructions contained in paragraph 16 under the heading "Uniform instructions regarding protest and wire advice of nonpayment," and in paragraphs 24 to 28, inclusive, under the heading "Instructions to collecting and remitting banks," are applicable to all collecting and remitting banks (including not only member and nonmember clearing banks but also other nonmember banks) to which we send cash letters. This operating circular is accordingly sent to all banks in the Second Federal Reserve District.

² For the purposes of this circular, any dependency, insular possession, or part of the United States outside the States of the United States and the District of Columbia shall be deemed to be in or of such Federal Reserve District as the Board of Governors may designate.

as a cash item, we will give credit therefor in accordance with the provisions of this circular and our time schedules; and with respect to such item the "TERMS OF COLLECTION" of Section 207.3 of Regulation G of the Board of Governors of the Federal Reserve System, as set forth in our current circular relating to the collection of noncash items, will apply as well as the relevant terms and conditions of this circular, including paragraphs (e) and (e) of Section 210.5 of Regulation J as set forth in this circular.

2. We may receive cash items pre-encoded as to transit number-routing symbol and as to amount in magnetic ink in E-13B type and we may so encode cash items received by us.

3. The right is reserved to establish different closing times, and to require separate sorts and cash letters for items which we may be willing to accept as cash items and which are not suitable for processing on high-speed document-handling equipment.

4. 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.

5. Checks drawn on or payable at a nonmember bank which is not included in the currently effective Federal Reserve Par List, referred to above, will not be received either as cash items or as noncash items by us or by any other Federal Reserve Bank.

6. In the interests of good banking, the indirect routing of cash items is discouraged, and member and nonmember clearing banks should not send to us or to other Federal Reserve Banks for our account any items payable in other Federal Reserve Districts which bear the endorsements of banks located in other Federal Reserve Districts, in cases where it is evident that such items have been routed indirectly.

7. Items drawn on one office of a bank will not be accepted from another office of the same bank for collection as either cash items or noncash items.

Terms and conditions of collection

8. Every bank sending cash items to us or to another Federal Reserve Bank direct for our account, by such act, will be understood to have agreed to the terms and conditions of this circular, of our time schedules, and of Regulation J in effect at the time such cash items are received by the Federal Reserve Bank.

9. Cash items payable in other Federal Reserve Districts and forwarded for collection to the Federal Reserve Banks of such other Districts either by us or by our member and nonmember clearing banks for our account will be handled by such other Federal Reserve

Banks subject to the terms and conditions of Regulation J and of the respective circulars and time schedules of such other Federal Reserve Banks, and to the rules of law applicable to such banks; but we will give credit for such items in accordance with our time schedules.

10. Section 210.5 of Regulation J prescribes terms and conditions under which all Federal Reserve Banks will handle checks as cash items for member and nonmember clearing banks. Such terms and conditions, and the terms and conditions of this circular and of our time schedules, will apply to the handling of all items which we accept for collection as cash items and to the handling of all bank drafts and other forms of payment or remittance which we receive for such items. The terms and conditions prescribed by Section 210.5 of Regulation J are as follows:

“(a) The Board of Governors of the Federal Reserve System hereby authorizes the Federal Reserve banks to handle such checks subject to the following terms and conditions; and each member and nonmember clearing bank and each Federal Reserve bank which sends checks to a Federal Reserve bank for deposit or collection shall by such action be deemed: (1) to authorize the Federal Reserve banks to handle such checks subject to the following terms and conditions; (2) to warrant its own authority to give the Federal Reserve banks such authority; (3) to agree to indemnify any Federal Reserve bank for any loss or expense sustained (including but not limited to attorneys’ fees and expenses of litigation) resulting from the failure of such sending bank to have such authority, or resulting from such Federal Reserve bank’s guaranty of prior endorsements, or resulting from any action taken by the Federal Reserve bank within the scope of its authority for the purpose of collecting such checks, or resulting from any and all warranties by the Federal Reserve bank, in respect of such checks, under the law of any State applicable to the Federal Reserve bank as a collecting bank; (4) to guarantee all prior endorsements on such checks whether or not a specific guaranty is incorporated in an endorsement of the sending bank; and (5) to warrant to the Federal Reserve bank, in respect of such checks, all such matters and things as the Federal Reserve bank shall warrant in respect thereof under the law of any State applicable to the Federal Reserve bank as a collecting bank; provided, that nothing herein contained shall, or shall be deemed to, constitute a limitation upon the effect of any warranty by such sending bank arising under the law of any State applicable to such sending bank as a collecting bank.

“(b) A Federal Reserve bank will act only as agent of the bank from which it receives such checks and will assume no liability except for its own negligence, its guaranty of prior endorsements and its warranties under the law of any State applicable to it as a collecting bank.

“(c) A Federal Reserve bank may present such checks for payment or send such checks for collection direct to the bank on which they are drawn or at which they are payable, or in its discretion may forward them to another agent with authority to present them for payment or send them for collection direct to the bank on which they are drawn or at which they are payable. A Federal Reserve bank, or any agent to which such checks are forwarded by a Federal Reserve bank, may present such checks pursuant to any special collection agreement not inconsistent

with the terms of this regulation or may present them through a clearing house subject to the rules and practices thereof.

“(d) A Federal Reserve bank may, in its discretion and at its option, either directly or through or from an agent, accept in payment of or in remittance for such checks, cash, bank drafts, transfers of funds or bank credits, or other forms of payment or remittance, acceptable to the collecting Federal Reserve bank. The Federal Reserve bank shall not be liable for the failure of the drawee bank or any agent to pay or remit for such checks, nor for any loss resulting from the acceptance from the drawee bank or any collecting agent, in lieu of cash, of any other form of payment or remittance authorized herein, nor for the nonpayment of, or failure to realize upon, any bank draft or other medium of payment or remittance which may be accepted from the drawee bank or any collecting agent.

“(e) Any check which a Federal Reserve bank or an agent thereof presents to the drawee bank for payment or sends to the drawee bank for collection, and for which remittance or settlement is made by the drawee bank on the day on which it receives⁴ such check, may be returned for credit or refund at any time prior to midnight of the drawee's next business day following such day of receipt or prior to the time provided by applicable clearing house rule or special collection agreement, whichever is earlier, except that this paragraph shall not apply to checks presented over the counter.

“(f) Checks received by a Federal Reserve bank which are payable in its own district will ordinarily be forwarded or presented direct to the banks on which they are drawn, and such banks will be required to remit or pay therefor at par in such one or more of the forms of payment or remittance authorized under paragraph (d) hereof as may be acceptable to the Federal Reserve bank.

“(g) Checks received by a Federal Reserve bank payable in other districts will ordinarily be forwarded for collection to the Federal Reserve bank of the district in which such checks are payable; provided, however, that, where arrangements can be made satisfactory to the collecting bank or agent and to the Federal Reserve bank of the district in which such checks are payable, any such checks may be forwarded for collection direct to the bank on which they are drawn or at which they are payable, or may be forwarded for collection to another agent with authority to present them for payment direct to the bank on which they are drawn or at which they are payable. All such checks shall be handled subject to all the terms and conditions of this regulation.

“(h) With respect to any check sent direct by a member or non-member clearing bank in one district to a Federal Reserve bank in another district, the relationships and the rights and liabilities existing between the member or nonmember clearing bank, the Federal Reserve bank of its district and the Federal Reserve bank to which the check is sent will be the same, and the relevant provisions of this regulation will apply, as though the member or nonmember clearing bank had sent such

⁴A check received by a drawee bank on a day other than its business day, or received on a business day after its regular business hours or during afternoon or evening periods when it has reopened (or remained open) for limited functions, shall be deemed to have been received on its next succeeding business day.”

check to the Federal Reserve bank of its district with its endorsement and guaranty of prior endorsements and such Federal Reserve bank had sent the check to the other Federal Reserve bank with its endorsement and guaranty of prior endorsements.

“(i) Bank drafts received by a Federal Reserve bank in payment of or in remittance for checks handled under the terms of this regulation shall likewise be handled for collection subject to all the terms and conditions of this regulation.

“(j) The amount of any check for which payment in actually and finally collected funds is not received shall be charged back to the forwarding bank, regardless of whether or not the check itself can be returned. In such event, neither the owner or holder of any such check, nor the bank which sent such check to the Federal Reserve bank for collection shall have any right of recourse upon, interest in, or right of payment from, any reserve balance, clearing account, deposit account, or other funds of the drawee bank or of any bank to which such checks have been sent for collection, in the possession of the Federal Reserve bank. No draft, authorization to charge, or other order, upon any reserve balance, clearing account, deposit account, or other funds of a paying, remitting, or collecting bank in the possession of a Federal Reserve bank, issued for the purpose of settling items handled under the terms of this regulation will be paid, acted upon, or honored after receipt by such Federal Reserve bank of notice of suspension or closing of such paying, remitting, or collecting bank.”

Government checks

11. United States Government checks will be handled in accordance with, and subject to the provisions of, Treasury Department Circular No. 176 in effect at the time such items are received by us; and with respect to matters not covered by such circular, the provisions of Regulation J, this circular, and our time schedules shall be deemed applicable to all Government checks. Credit for Government checks will be given in accordance with our time schedules and will be subject in all cases to examination and payment by or on behalf of the Treasurer of the United States.

12. Section 25 of Treasury Department Circular No. 176 (Title 31, Code of Federal Regulations, Chapter II, Subchapter A, Section 202.25) relates to the handling and payment of checks drawn on the Treasurer of the United States received at Federal Reserve Banks. Copies of this section will be furnished upon request.

Postal money orders

13. Postal money orders will be handled in accordance with an agreement made by the Postmaster General, in behalf of the United States, and the Federal Reserve Banks as depositaries and fiscal agents of the United States pursuant to authorization of the Secretary of the Treasury; and with respect to matters not covered by such agreement, the provisions of Regulation J, this circular, and our time schedules shall be deemed applicable to all postal money

orders. Immediate credit will be given to member banks and non-member clearing banks for postal money orders as provided in our time schedules, and simultaneously with such credit we will debit the amount of such money orders against the general account of the Treasurer of the United States under such symbol numbers as may be assigned by the Treasurer of the United States. Said agreement further provides in effect that no claim for refund or otherwise with respect to any money order debited against the general account of the Treasurer of the United States and delivered to the representative of the Post Office Department as provided in said agreement (other than a claim based on the negligence of a Federal Reserve Bank) will be made against or through any Federal Reserve Bank; that if the Post Office Department makes any such claim with respect to any such money order, such money order will not be returned or sent to a Federal Reserve Bank, but the Post Office Department will deal directly with the bank or the party against which such claim is made; and that the Federal Reserve Banks will assist the Post Office Department in making such claim, including making their records and any relevant evidence in their possession available to the Post Office Department.

Preparation of cash letters by sending banks

14. All cash items sent to us, or to another Federal Reserve Bank direct for our account, may be listed in cash letters without description. We believe, however, that each sending bank should bear in mind the desirability of maintaining adequate records to enable it to identify its depositors or other endorsers on such items, so that, in the event any such item is lost or destroyed while in transit to a Federal Reserve Bank or Branch, or is thereafter lost or destroyed, the sending bank may be in a position to take appropriate action with respect to the item. All cash letters and tape listings accompanying such cash letters should be dated and identified with the name and A.B.A. transit number of the sending bank. Other instructions relative to sorting and listing of items are set forth in our time schedules.

Endorsements

15. All cash items sent to us, or to another Federal Reserve Bank direct for our account, should be endorsed without restriction to the order of the Federal Reserve Bank to which sent, or endorsed to the order of any bank, banker, or trust company, or endorsed with equivalent words or abbreviations thereof. Cash items will be accepted by us and by other Federal Reserve Banks only upon the understanding and condition that all prior endorsements are guaranteed by the sending bank. There should be incorporated in the endorsement of the sending bank the phrase, "All prior endorsements guaranteed," which may be abbreviated as, for example, "P.E.G." in conformity with the A.B.A. uniform transit instructions, or "Pr. Ends. Gtd." The act of sending or delivering a cash item to us or to another Federal Reserve Bank will, however, be deemed and understood to constitute a guaranty of

all prior endorsements on such item, whether or not an express guaranty is incorporated in the sending bank's endorsement. The endorsement of the sending bank should be dated and should show the A.B.A. transit number of the sending bank in prominent type on both sides.

Uniform instructions regarding protest and wire advice of nonpayment

16. Federal Reserve Banks will receive, handle, and forward cash items subject to the following uniform instructions regarding protest and wire advice of nonpayment, except that United States Government checks will not be protested:

(1) PROTEST dishonored items of \$1,000 and over:

(a) that appear on their face to be drawn outside of the State in which payable, except those bearing on their face the A.B.A. no-protest symbol of a Federal Reserve Bank or of a preceding bank endorser, or

(b) that bear on their face the legend, "PROTEST REQUIRED," of a Federal Reserve Bank or of a preceding bank endorser.

(2) DO NOT PROTEST items of less than \$1,000, or items of \$1,000 and over except those protestable under subparagraph (1).

(3) DO NOT WIRE ADVICE of nonpayment of items of less than \$1,000.

(4) WIRE ADVICE of nonpayment of all items of \$1,000 or over, except those not paid because of missing, irregular, or unsatisfactory endorsement and those bearing on their face "DO NOT WIRE NONPAYMENT" with the A.B.A. transit number of a Federal Reserve Bank or of a preceding bank endorser. Include in the wire advice of nonpayment the A.B.A. transit numbers or the names of the two endorsers immediately preceding the Federal Reserve Bank.

(5) DO NOT PROTEST AND DO NOT WIRE ADVICE of nonpayment of any check, regardless of amount, endorsed by the Treasurer of the United States, or endorsed for credit to the Treasurer of the United States, or bearing on its face or in an endorsement the legend "This check is in payment of an obligation to the United States and must be paid at par. N.P. Do not wire nonpayment" or words of similar import.

17. All Federal Reserve Banks will receive, handle, and forward cash items only in accordance with these uniform instructions, and any contrary or special instructions noted on cash letters or otherwise transmitted with cash items will be disregarded.

18. If a bank should desire to have any cash item handled by us or by any other Federal Reserve Bank under any instructions differing from the uniform instructions given above, it will be necessary for such bank to forward such item as an individual noncash item, with the instructions noted in the letter of transmittal, for collection and credit when paid, in accordance with the terms of our current circular relating to the collection of noncash items.

Telegraphic costs

19. Telegrams pertaining to payment, nonpayment, or tracing of cash items, or in connection with receiving or transmitting pertinent information or instructions, will be sent, to the extent practicable, over the Federal Reserve leased wires without cost to member and non-member clearing banks. The cost of all such telegrams sent over commercial wires will be charged to the banks from which the items were received, and commercial wire telegrams to such banks will be sent collect.

Time schedules and availability of credits

20. We publish and furnish to member and nonmember clearing banks time schedules showing when cash items will become available for reserve and withdrawal or other use by the sending banks after receipt by us. For all items accepted as cash items, the sending bank will be given immediate credit or deferred credit, in accordance with such time schedules and as provided in Regulation J. Credit for letters containing items unassorted as to availability may be deferred for the longest period of availability prescribed by our current time schedules with respect to any item enclosed, not to exceed two business days.

21. Time schedules do not in many instances show the actual time required for collection, and advices received from us showing the availability of credit for cash items cannot be considered as advices of actual payment on the dates of availability. Credit will in all instances be subject to receipt of payment by us in actually and finally collected funds.

Immediate credit

22. For all such cash items as are accepted for immediate credit in accordance with our current time schedules, immediate credit will be given upon our books at full face value in the reserve account or clearing account upon the day of receipt, and the proceeds will at once be counted as reserve (in the case of a member bank) and become available for withdrawal or other use by the sending bank; provided, however, that we may in our discretion refuse at any time to permit the withdrawal or other use of credit given for any item for which we have not yet received payment in actually and finally collected funds.

Deferred credit

23. For all such cash items as are accepted for deferred credit in accordance with our current time schedules, deferred credit will be entered upon our books at full face value, but the proceeds will not be counted as reserve nor become available for withdrawal or other use by the sending bank until the expiration of the time specified in our

time schedules, at which time credit will be transferred from the deferred account to the reserve account or clearing account and will then be counted as reserve (in the case of a member bank) and become available for withdrawal or other use by the sending bank; provided, however, that we may in our discretion refuse at any time to permit the withdrawal or other use of credit given for any item for which we have not yet received payment in actually and finally collected funds.

Instructions to collecting and remitting banks

24. Remittances for our cash letters should be made on the day of receipt, at par in immediately available or acceptable funds. Member and nonmember clearing banks may, and are urged to, remit by specific authorizations to debit their accounts on our books. Forms for such authorizations are printed at the bottom of the remittance letter forms which we furnish to collecting and remitting banks with our cash letters.

25. We will receive for credit or refund cash items which are returned to us by collecting and remitting banks in accordance with paragraph (e) of Section 210.5 of Regulation J, set forth in this circular under the heading "Terms and conditions of collection." Such provision of Regulation J does not mean, however, that any bank is required to follow the practice of delaying the return of unpaid cash items; and any collecting or remitting bank may continue to return unpaid cash items with its remittance on the day of receipt. Each cash item returned unpaid should bear a notation clearly indicating the reason therefor.

26. Each bank returning cash items for credit or refund represents that such items are returned within the time allowed by paragraph (e) of Section 210.5 of Regulation J; and this Bank may recover or revoke any refund, deduction, or credit made, allowed, or given by it for any item returned after the time allowed by Regulation J unless we are instructed not to do so by our sending bank, but any such recovery or revocation shall be without prejudice to the rights and obligations of the returning and sending banks, as between themselves, in respect of the item or any settlement or credit therefor. A bank may, however, return to us without entry a cash item which it has failed to return in time, with a request that we ask our sending bank to make refund therefor, in which event we shall make refund to the returning bank and charge our sending bank only if the latter specifically authorizes us to do so.

27. Collecting and remitting banks may deduct unpaid items from, and return such items with, their remittances for our cash letters, or a member or nonmember clearing bank may, at its option, return such items listed on a separate letter for credit to its account on our books. Such separate letters must be captioned "Return Items" and must not include any other items. For convenience, we have available for use

as such separate letter a return item cash letter form (Form R&R 82), a supply of which will be furnished upon request.

28. The instructions set forth in paragraph 16 of this circular under the heading "Uniform instructions regarding protest and wire advice of nonpayment" are applicable to all items which we forward as cash items.

Information to sending banks regarding return items

29. The attention of sending banks is called to our "Instructions to collecting and remitting banks" to the effect that (a) each bank returning cash items for credit or refund represents that such items are returned within the time allowed by paragraph (e) of Section 210.5 of Regulation J, and (b) that this Bank may recover or revoke any refund, deduction, or credit made, allowed, or given by it for any item returned after the time allowed by Regulation J unless we are instructed not to do so by our sending bank, but any such recovery or revocation shall be without prejudice to the rights and obligations of the returning and sending banks, as between themselves, in respect of the item or any settlement or credit therefor. We do not undertake to examine all returned cash items to confirm that such items are returned within the time permitted under the provisions of paragraph (e) of Section 210.5 of Regulation J.

Direct sending of cash items to other Federal Reserve Banks

30. Member and nonmember clearing banks having a substantial volume of cash items (exclusive of Government checks and postal money orders) payable in other Federal Reserve Districts which they wish to collect through the Federal Reserve Banks are urged to apply to us for permission to send such items direct to the Federal Reserve Banks and Branches of the Districts in which such items are payable, for collection and credit to us. Appropriate instructions will be sent to the banks to which such permission is granted.

31. When in our judgment a member or nonmember clearing bank has a sufficient volume of cash items payable in other Federal Reserve Districts to justify direct routing, we reserve the right to decline to accept such items for collection unless they are routed direct to the Federal Reserve Banks and Branches of such other Federal Reserve Districts.

Reimbursement of transportation costs

32. Each member bank which sends cash items direct to other Federal Reserve Banks and Branches, each member bank located in the Head Office territory which sends cash items payable in Buffalo direct to our Buffalo Branch, and each member bank located in the Buffalo Branch territory which sends cash items payable in New York City direct to our Head Office will be reimbursed by us for postage or other trans-

portation costs, not including insurance, on all such direct-sent items. In the interest of expeditious and economical handling, those direct-sending member banks that by arrangement deliver cash items payable in other Federal Reserve Districts to this Bank for consolidated shipment should not deviate from the arrangement except upon prior approval of this Bank. Transportation costs of consolidated shipments will be paid by us.

33. Claims for reimbursement of transportation costs should be submitted monthly on our Form TR.181, a supply of which will be furnished upon request. Member banks located in the territory assigned to our Buffalo Branch should submit their claims to the Branch. Upon approval of the claim, the reserve account of the member bank will be credited with the amount thereof.

34. Each direct-sending member bank is requested to give constant attention to methods of shipment and to change a method in any case in which shipment can be made at a lower cost without loss of time in presentment. In cases in which we pay the transportation costs, we reserve the right to require a change in method of shipment in any situation where, by the use of another method, presentment can consistently be made more promptly, or at a lower cost and without loss of time.

Check standardization, sorting, routing, and mechanized processing

35. The depositor of each cash item which is sent to this Bank for handling hereunder and every prior collecting bank agree with respect to such item that:

(1) this Bank may handle and forward such item hereunder to any bank whose name or designation appears on the item as the bank by, at, or through which the item is payable, whether such name or designation is written or made by means of any magnetically inscribed routing symbol and A.B.A. transit number, or by means of any routing symbol and A.B.A. transit number not magnetically inscribed, or by any other means;

(2) if the item does not bear any routing symbol and A.B.A. transit number, this Bank may inscribe on the item in magnetic ink, or otherwise write thereon, the routing symbol, the A.B.A. transit number, or both, of the bank by, at, or through which the item is payable, and handle and forward the item accordingly.

The depositor of such item and each such collecting bank hereby are given notice and recognize that the efficient operation of the Federal Reserve collection system makes impracticable the assumption by the Federal Reserve Banks of any responsibility for delay resulting from action taken by this Bank, as stated in (1) and (2) above; and they hereby assume any and all risk of loss arising from any such delay and agree that the handling of such item in accordance herewith shall constitute the exercise of ordinary care by this Bank.

36. To facilitate the sorting, routing, and mechanized processing of checks and other cash items by all banks, and thereby promote earlier presentment and return of unpaid items, it is urged that:

(1) The appropriate transit number-routing symbol in fractional form be clearly imprinted in the upper right-hand corner of all checks or other cash items drawn payable by, at, or through all par-remitting banks. It is preferable that the symbol be printed in Gothic type, the face of which measures at least 8 points vertically or $1/9$ of an inch from the top to the bottom of the individual characters.

(2) In conformity with the American Bankers Association Magnetic Ink Character Recognition Program, the routing symbol and the suffix of the transit number be encoded on all checks and other cash items in magnetic ink in E-13B type in the manner prescribed and at the location assigned by the A.B.A. within the $5/8$ -inch strip reserved for magnetic ink encoding along the bottom edge of such items.

(3) Checks and other cash items be conformed to the standards prescribed by the A.B.A., including a minimum width of $2\frac{3}{4}$ inches, a maximum width of $3\frac{2}{3}$ inches, a minimum length of 6 inches, and a maximum length of $8\frac{3}{4}$ inches, and be restricted to a single thickness of card or paper.

Right to amend

37. The right is reserved to withdraw, add to, or amend, at any time, any of the provisions of this circular and of our time schedules.

Effect of this circular on previous circular

38. This circular supersedes our Operating Circular No. 4, Revised effective August 10, 1960, and the First, Second, and Third Supplements thereto, dated August 1, 1961, December 2, 1963, and December 6, 1963, respectively.

ALFRED HAYES,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

[Operating Circular No. 8
Revised effective September 1, 1964]

COLLECTION OF NONCASH ITEMS

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

Regulation G of the Board of Governors of the Federal Reserve System (hereinafter referred to as Regulation G) and this circular prescribe the terms and conditions upon which we will receive and handle noncash items for collection. Section 207.4 of Regulation G provides that each Federal Reserve Bank may promulgate rules not inconsistent with the terms of the law or of Regulation G, governing the details of its noncash collection operations, and that such rules shall be binding upon any member or nonmember clearing bank which sends any noncash item to such Federal Reserve Bank for collection or to any other Federal Reserve Bank for the account of such Federal Reserve Bank for collection. This circular is issued pursuant to this provision of Regulation G.

Definition of noncash items

1. As used in Regulation G and in this circular, the term "noncash items" means any items of the following classes when payable in any Federal Reserve District:¹

(1) Maturing notes, acceptances, bankers' acceptances, certificates of deposit, bills of exchange, and drafts with or without securities, bills of lading, or other documents attached;

(2) Drafts and orders on savings deposits with passbooks attached;

(3) Checks, drafts, and other cash items which have previously been dishonored or on which special advice of payment or dishonor is required (Any check, draft, or other item which is normally handled as a cash item will not be handled as a noncash item unless special conditions require that this be done, and the Federal Reserve Bank will decide whether such special conditions exist.);

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

(5) Maturing bonds and coupons (other than obligations of the United States and its agencies, which are redeemed by Federal Reserve Banks as fiscal agents);

(6) State and municipal warrants, including both orders to pay addressed to officers of States and political subdivisions thereof and any special or general obligations of States and political subdivisions thereof;

(7) All other evidences of indebtedness and orders to pay, except checks and bank drafts handled under the provisions of Regulation J

¹ For the purposes of this circular, any dependency, insular possession, or part of the United States outside the States of the United States and the District of Columbia shall be deemed to be in or of such Federal Reserve District as the Board of Governors may designate.

and checks and bank drafts drawn on or payable by a nonmember bank which cannot be collected at par in funds acceptable to the Federal Reserve Bank of the District in which such nonmember bank is located. (Checks and bank drafts drawn on or payable by a nonmember bank which cannot be collected at par in funds acceptable to the Federal Reserve Bank of the District in which such nonmember bank is located, and which may not be received under the terms of Regulation J, likewise may not be received as noncash items under the terms of Regulation G and this circular.)

2. This Bank will not receive as noncash items (a) items payable in the same community in which an office of the sending bank is located; or (b) checks drawn on the Treasurer of the United States or postal money orders (United States postal money orders, United States international postal money orders, and domestic-international postal money orders).

Terms of collection

3. Every bank sending noncash items to us or to another Federal Reserve Bank direct for our account by such act shall be understood to have agreed to the terms and conditions of this circular and of Regulation G in effect at the time such noncash items are received by the Federal Reserve Bank.

4. Noncash items payable in other Federal Reserve Districts and forwarded for collection to the Federal Reserve Banks of such other Districts either by us or by our member and nonmember clearing banks for our account will be handled by such other Federal Reserve Banks subject to the terms and conditions of Regulation G and of the respective circulars of such other Federal Reserve Banks, and to the rules of law applicable to such Banks; but we will give credit to the sending banks for such items in accordance with the provisions of this circular.

5. Any noncash item, or check received in remittance therefor, may be presented through a clearing house or a clearing house association subject to the rules and practices thereof.

6. Any noncash item, or check received in remittance therefor, may be presented by delivery to a bank or representative thereof, pursuant to an agreement or arrangement permitting such bank at any time during the same day to pay or remit for such noncash item or check or to return it as dishonored and entitling such bank, if it has previously made conditional payment or remittance for the noncash item or check so returned, to receive credit or refund therefor. The specific authorization of the above methods of presentment shall not be construed to exclude any other method of forwarding or presentment which may be authorized or would constitute ordinary care under existing rules of law or under any provision of Regulation G or any other provision of this circular.

7. We do not undertake to present time items on the day of maturity unless such items are received by us sufficiently in advance of the day

of maturity to permit presentment to the payer utilizing the means which we normally utilize for that purpose.

8. Section 207.3 of Regulation G on the date of this circular prescribes the following terms and conditions under which all Federal Reserve Banks will handle noncash items for member and nonmember clearing banks:

“(a) **Agreement of sending bank.**—Each member and nonmember clearing bank and each Federal Reserve bank which sends noncash items to a Federal Reserve bank for collection shall by such action be deemed: (1) to authorize the Federal Reserve banks to handle such items subject to the terms and conditions of this part; (2) to warrant its own authority to give the Federal Reserve banks such authority; (3) to agree to indemnify any Federal Reserve bank for any loss or expense sustained (including but not limited to attorneys’ fees and expenses of litigation) resulting from the failure of such sending bank to have such authority, or resulting from such Federal Reserve bank’s guaranty of prior endorsements, or resulting from any action taken by the Federal Reserve bank within the scope of its authority for the purpose of collecting such noncash items, or resulting from any and all warranties given by the Federal Reserve bank, in respect of such items, under the law of any State applicable to the Federal Reserve bank as a collecting bank; (4) to guarantee all prior endorsements on such items whether or not a specific guaranty is incorporated in an endorsement of the sending bank; and (5) to warrant to the Federal Reserve bank, in respect of such items, all such matters and things as the Federal Reserve bank shall warrant in respect thereof under the law of any State applicable to the Federal Reserve bank as a collecting bank; provided, that nothing herein contained shall, or shall be deemed to, constitute a limitation upon the effect of any warranty by such sending bank arising under the law of any State applicable to such sending bank as a collecting bank.

“(b) **Federal Reserve bank as agent.**—A Federal Reserve bank will act only as agent of the bank from which it receives such noncash items and will assume no liability except for its own negligence, its guaranty of prior endorsements and its warranties under the law of any State applicable to it as a collecting bank.

“(c) **Presentation of items by Federal Reserve bank.**—A Federal Reserve bank may present such noncash items with any accompanying documents for payment direct to the person, firm, or corporation on which they are drawn or by or through which they are payable or collectible, or may present them for payment or forward them for collection direct to the bank on which they are drawn, at which they are payable, or through which they are payable or collectible; or, in its discretion, may forward them to another agent with similar authority to present them for payment or forward them for collection. The bank upon which any such noncash item may be drawn, or at which the same may be payable or through which the same may be payable or collectible shall be deemed to be a proper agent for collection within the meaning of this regulation.

“(d) **Items payable in other districts.**—Noncash items received by a Federal Reserve bank payable in other districts will be forwarded for collection to the Federal Reserve bank of the district in which such items are payable; except that, when in the judgment of the Federal Reserve bank the size or character of the items or other special circumstances

justify such action, any such items, in the discretion of the Federal Reserve bank, may be forwarded for collection direct to the bank on which they are drawn, at which they are payable, or through which they are payable or collectible, or may be forwarded for collection to another agent with authority to present them for payment direct to the person, firm, or corporation on which they are drawn or by or through which they are payable or collectible or to present them for payment direct to the bank on which they are drawn, at which they are payable, or through which they are payable or collectible.

“(e) **Forms of payment accepted by Federal Reserve bank.**—A Federal Reserve bank may, in its discretion and at its option, accept from any bank in payment of or from any collecting agent in remittance for such noncash items, cash, checks, bank drafts, transfers of funds or bank credits, or other forms of payment or remittance, acceptable to the collecting Federal Reserve bank. The Federal Reserve bank shall not be liable for the failure of any bank or any agent to collect, or to pay, or to remit for, such noncash items, nor for any loss resulting from the acceptance from any bank or any agent, in lieu of cash, of any other form of payment or remittance authorized herein, nor for the nonpayment of, or failure to realize upon, any bank draft or other medium of payment or remittance which may be accepted from any bank or any collecting agent.

“(f) **Collection of remittances for noncash items.**—Bank drafts and other forms of payment or remittance received by a Federal Reserve bank in payment of or in remittance for noncash items handled under the terms of this regulation will be collected, at the option of the Federal Reserve bank, either under the terms and conditions of this regulation or under the terms and conditions of Regulation J of the Board of Governors of the Federal Reserve System.

“(g) **Suspension or closing of paying or remitting bank.**—No draft, authorization to charge, or other order, upon any reserve balance, clearing account, deposit account, or other funds of a paying, remitting, or collecting bank in the possession of a Federal Reserve bank, issued for the purpose of settling items handled under the terms of this regulation will be paid, acted upon, or honored after receipt by such Federal Reserve bank of notice of suspension or closing of such paying, remitting, or collecting bank.

“(h) **Items sent direct to Federal Reserve bank in another district.**—With respect to any noncash item sent direct by a member or nonmember clearing bank in one district to a Federal Reserve bank in another district, the relationships and the rights and liabilities existing between the member or nonmember clearing bank, the Federal Reserve bank of its district, and the Federal Reserve bank to which the noncash item is sent will be the same, and the relevant provisions of this regulation will apply, as though the member or nonmember clearing bank had sent such noncash item to the Federal Reserve bank of its district with its endorsement and guaranty of prior endorsements and such Federal Reserve bank had sent the noncash item to the other Federal Reserve bank with its endorsement and guaranty of prior endorsements.”

Procedure to be followed by sending banks

General

9. Items forwarded for collection and credit when paid should be listed in a letter different in form from that in which cash items are listed. It is desirable that collection letters include a description of each item listed, showing the name of the payer, place of payment,

maturity, amount, whether or not subject to protest, and any special instructions such as request for telegraphic advice of payment or non-payment. If documents are attached, they must be clearly and adequately identified in the accompanying letter. The collection letter should also show the collection number assigned to each item by the sending bank.

10. Any special instructions as to handling should be incorporated in the collection letter. Special instructions noted on or attached to the items themselves and not supported by like instructions in the collection letter will be ignored.

11. This Bank will receive, handle, and forward noncash items subject to the following instruction:

Do not hold after maturity or for convenience of payer.

Any contrary instruction in the collection letter or otherwise will be disregarded; and this Bank reserves the right, without prior notice to the sending bank, to recall any noncash item and to return it to the sending bank whenever, in the judgment of this Bank, such item is being held contrary to such instruction.

12. Securities, whether or not accompanied by drafts, should not be included in a letter enclosing other items.

13. Time items should not be forwarded to us or sent direct to another Federal Reserve Bank for our account more than 30 days prior to their maturity.

Coupons and bonds sent for collection

14. Coupons sent to us for collection should be enclosed in separate envelopes according to issue. Envelopes containing coupons should show the name of the sending bank and that of its depositor, and should give a complete description of the coupons enclosed. Such envelopes should also be separately listed and described (either by issue or collection number) on the sending bank's letter. Bonds sent to us for collection should be sorted according to issue, and should be accompanied by the same information as accompanies coupons sent for collection. Such bonds should also be listed and described on the sending bank's letter in the same manner as coupons sent for collection.

15. Sending banks are requested to sort bonds and coupons that they send to us for collection into the following classes, with a separate letter for each class:

(a) *Coupon Cash Letter*—Coupons payable in New York City for which credit, subject to payment in actually and finally collected funds, is desired. Such letter should be totaled.

(b) *City Coupon Collection Letter*—Bonds and coupons payable in New York City for which credit is desired only upon receipt by us of payment in actually and finally collected funds.

(c) *Country Coupon Collection Letter*—Bonds and coupons payable outside New York City for which credit will be given upon receipt by us of payment in actually and finally collected funds.

A totaled letter containing only coupons payable in New York City will be treated as a coupon cash letter unless it indicates that credit is desired only upon receipt by us of payment in actually and finally collected funds.

Coupons sent for payment

16. Obligations of the United States, its agencies or instrumentalities, or of the International Bank for Reconstruction and Development or the Inter-American Development Bank, are not received by us for collection but are paid or redeemed by us as fiscal agent of the United States, or of such Banks. Coupons from such obligations should be listed on schedules and enclosed in envelopes showing the name of the sending bank, and should be sent to us as follows:

(a) Coupons from obligations of the United States should be enclosed in separate envelopes according to current or uncurrent interest due dates and denomination; only coupons that bear an interest due date of February 15, March 15, May 15, June 15, August 15, September 15, November 15, or December 15, and are presented for payment on or before such interest due date or before the next such interest due date will be considered as bearing current interest due dates (for example, if a coupon bearing an interest due date of August 15, 1964 is presented not later than September 14, 1964, it should be classified as "current").

(b) Coupons from obligations of agencies or instrumentalities of the United States, and from obligations of the International Bank for Reconstruction and Development and the Inter-American Development Bank, should be enclosed in separate envelopes according to issue and denomination.

The envelopes and schedules to be used for such coupons will be furnished by us upon request. Immediate credit will be given for due or past due coupons paid or redeemed by us, if listed in a separate totaled letter and received by 3 p.m. on any business day.

Ownership certificates

17. Ownership certificate forms, when required by law, should be attached to coupons sent to us either for collection or payment. Such forms should be obtained by the sending bank from the nearest Director of Internal Revenue.

Protest practice in absence of instructions

18. In the absence of specific instructions in the sending bank's collection letter, this Bank will receive, handle, and forward noncash items subject to the following protest instructions:

(a) DO NOT PROTEST items of less than \$1,000.

(b) PROTEST dishonored items of \$1,000 or over, except bonds, debentures, coupons, and other similar securities.

Collection charges

19. Except as provided below, the Federal Reserve Banks make no charge for their services in collecting noncash items; however, it is recognized that any other bank acting as agent to collect any such item

renders a service in presenting, collecting, and remitting, for which a reasonable charge may be made if it cares to do so, and when such a charge is made, it will be deducted and credit given to the forwarding bank for the net proceeds.

20. No charge may be made by a collecting bank in connection with the collection or payment of any check that may be handled as a noncash item.

21. Items sent to the Federal Reserve Banks for collection are subject to the following charges:

- (1) Charges made by collecting banks or agents, referred to above;
- (2) Charges made in the discretion of the Federal Reserve Banks for handling or collecting securities;
- (3) A service charge of 50¢ per item on all collection items returned unpaid and unprotested;
- (4) Expenses incurred for postage and insurance or express in forwarding items by registered mail or express;
- (5) All telephone and telegraph charges.

Telegraphic advice

22. When instructed to do so by forwarding banks, this Bank will request telegraphic advice of payment or nonpayment of noncash items and will transmit by telegraph any information received. A service charge of \$1.50 will be made against the forwarding bank's account for each telegram transmitted over the leased wire pertaining to payment, nonpayment, or tracing of items, and in connection with receiving or transmitting any other information or instructions. Charges for telegrams transmitted over commercial wire facilities will be made at commercial wire rates against the forwarding bank's account; telegrams to such banks will be sent collect.

Interpretation of terms requesting telegraphic advice

23. The terms listed below, when used in advices or communications in connection with noncash items, will be understood to have the meanings indicated, as follows:

(a) "WIRE PAYMENT" when it is desired that the collecting agent furnish telegraphic advice that payment has been made by the drawee or payer. It will be understood that banks requesting "wire payment" wish to be advised when payment has been made to the collecting agent, rather than when the proceeds are credited to the reserve or nonmember clearing account with the Federal Reserve Bank. When a Federal Reserve Bank gives such advice of payment, it does not necessarily imply that actually and finally collected funds are in its possession.

(b) "WIRE NONPAYMENT" when a telegraphic advice of dishonor only is desired.

(c) "WIRE FATE" or "WIRE PAYMENT OR NONPAYMENT" when a prompt advice of payment or nonpayment by drawee or payer is desired.

(d) "WIRE CREDIT" when a telegraphic advice of final payment and of credit to the reserve or nonmember clearing account of the sending bank is desired.

Availability of proceeds of noncash items

24. Except as hereinafter provided with respect to bankers' acceptances, certificates of deposit, and due and past due coupons, credit for the proceeds of noncash items, with the usual advice, will be given in the reserve account of member banks, or the clearing account of nonmember banks, upon receipt by this Bank of payment in actually and finally collected funds or on receipt of advice from other Federal Reserve Banks of such payment.

25. Credit for bankers' acceptances and certificates of deposit will be given, subject to payment in actually and finally collected funds, in accordance with the following schedule, if received by us sufficiently in advance to permit forwarding in time to reach the place of payment at least one day before maturity:

<i>Place Payable</i>	<i>Credit Available</i>
Federal Reserve Bank or Branch cities	On maturity date
Elsewhere	1 day after maturity

26. Credit for due and past due coupons payable in New York City and listed to us in a separate totaled coupon cash letter will be given, subject to payment in actually and finally collected funds, one day after receipt if received by us by 9 a.m., or two days after receipt if received by us after 9 a.m.

Direct routing to other Federal Reserve Districts

27. Member and nonmember clearing banks are authorized to send, for our account, noncash items payable in other Federal Reserve Districts direct to the Federal Reserve Banks and Branches of the Districts in which the items are payable. Since direct sending of such items expedites handling by Federal Reserve offices and also is of advantage to member and nonmember clearing banks, banks are urged to send such items direct whenever feasible.

28. When in our judgment the number or nature of noncash items payable in other Federal Reserve Districts usually received from a bank justifies such action, we reserve the right to decline to accept such items for collection unless they are routed direct to the Federal Reserve Banks or Branches of the Districts in which they are payable.

Revision of this circular

29. The right is reserved to withdraw, add to, or amend at any time any of the provisions of this circular.

Effect of this circular on previous circular

30. This circular supersedes our Operating Circular No. 8, Revised effective August 18, 1960, and the First, Second, Third, and Fourth Supplements thereto, dated November 1, 1961, March 28, 1962, April 19, 1963, and December 2, 1963, respectively.

ALFRED HAYES,
President.