

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6431]
[November 5, 1969]

NEW YORK CLEARING HOUSE RULES CHANGE
Certain "Counter Checks" Ineligible as Cash Items

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

The New York Clearing House Association has, effective December 1, 1969, revised Rule 13 of its Rules and Rulings on Items for the Exchanges by adding the following class of items as ineligible for presentment as cash items through the exchanges:

Checks of domestic origin written on blank forms (counter checks) unless they contain in MICR encoding or other legible form

- (1) account number including branch identification, or
- (2) full title of account and branch identification.

Paragraph 5 of our Operating Circular No. 4, revised effective September 2, 1969, provides that we will not handle an item as a cash item if the item has not been preprinted, or post-encoded before its receipt by us, with the routing symbol and the suffix of the transit number of the paying bank (or nonbank payor) in magnetic ink in E-13B type in the manner prescribed, and at the location assigned, by the A.B.A. Under paragraph 7 of our Operating Circular No. 4 we may, in our discretion, return or handle an item as a noncash item if special conditions so require.

When checks drawn on member banks of The New York Clearing House Association do not conform to the Association's revised rules and are sent to us as cash items, they may be returned by the payors as ineligible for the exchanges. Therefore, member banks and other senders are encouraged to forward such checks to us as noncash collection items. If any such item is sent to us as a cash item and returned unpaid by the payor bank it will be charged back to the sender's account and entered for collection as a noncash item.

ALFRED HAYES,
President.