

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 7001
September 15, 1972]

**Collection of Cash Items Under Revised Regulation J,
Restructuring of Reserve Requirements Under Revised Regulation D,
and Availability of Federal Reserve Credit**

Establishment of Long Island Regional Check Processing Center (LIRCPC)

*To All Banks in the Second Federal Reserve
District, and Others Concerned:*

In our Circular No. 6960, dated June 22, 1972, we informed all banks in this District of the adoption by the Board of Governors of the Federal Reserve System of amendments, effective beginning September 21, 1972, to its Regulation J, governing collection of checks and other items by Federal Reserve Banks, and its Regulation D, governing reserves of member banks. These changes are meant to benefit both the banking system and the public at large. Because of the effect of the changes on many banks, including nonmember banks, we again wish to call them to your attention at this time.

Regulation J, Collection of Checks and Other Items by Federal Reserve Banks

In connection with the changes in Regulation J, we are enclosing copies of the following:

- (a) Second Supplement, Effective September 21, 1972, to Operating Circular No. 4 (Collection of Cash Items), Revised effective September 2, 1969;
- (b) Operating Circular No. 5 (Time Schedules — Availability of Credit for Cash Items), Revised effective September 20, 1972;
- (c) Appendix No. 1 (New York Head Office Time Schedule) to Operating Circular No. 5, Revised effective September 20, 1972;
- (d) Appendix No. 1-A (Long Island Regional Check Processing Center (LIRCPC) Time Schedule), Effective September 20, 1972;
- (e) Appendix No. 2 (Buffalo Branch Time Schedule) to Operating Circular No. 5, Revised effective September 20, 1972;
- (f) Operating Circular No. 6 (Instructions to Collecting Banks and Paying Banks), Revised effective September 21, 1972;
- (g) Operating Circular No. 7 (Saturday Closing), Revised effective September 21, 1972.

The amendments to Regulation J contemplate that banks will make provisional payment on the day of presentment in immediately available funds for cash items received from a Federal Reserve Bank. Accordingly, Operating Circular No. 6 has been amended to conform to those amendments.

In amending Regulation J, the Board of Governors noted that checks drawn on country banks located in the same Federal Reserve territory as depositing banks will be collected a day earlier than under current schedules. Accordingly, under our operating circulars, such amounts will be credited to depositing banks a day earlier. Appendix

No. 1 to Operating Circular No. 5 has been revised to advance the credit availability for items payable in the New York Head Office territory and deposited at the Head Office in accordance with applicable sorting requirements and closing times, from two business days after receipt to one business day after receipt. Appendix No. 2 to Operating Circular No. 5 has been similarly revised to advance the credit availability for items payable in the Buffalo Branch territory and deposited at the Branch in accordance with applicable sorting requirements and closing times. This advanced credit availability for intra-territory items will commence on September 21, 1972, for items deposited with us on *September 20, 1972*. Thus, this earlier credit will be available to member and nonmember clearing banks on the first day on which they will be required to make immediate payment for cash letters.

Long Island Regional Check Processing Center (LIRCPC)

This Bank is pleased to announce the establishment of the Long Island Regional Check Processing Center (LIRCPC) at 450 North Main Street, Freeport, Long Island. The LIRCPC will commence operations on Wednesday, September 20, 1972. At the same time, the operations of the Check Clearing Bureau of the Long Island Bankers Association will be discontinued. The LIRCPC will process all items drawn on its participating banks that are cleared through the Federal Reserve System. Appendix No. 1-A to Operating Circular No. 5 indicates the availability of credit, sorting requirements, and applicable closing times for eligible cash items deposited at the LIRCPC. Appendix No. 1 to Operating Circular No. 5, the Head Office Time Schedule, has been revised to indicate that items drawn on LIRCPC participating banks may be deposited at the Head Office of this Bank, provided that such items are sorted separately and delivered before the 10:30 p.m. closing time for fully MICR-qualified and computer-acceptable items, and the 8:30 p.m. closing time for computer-rejected items and items that are not MICR amount-encoded. Accordingly, Operating Circulars Nos. 4, 5, 6, and 7 have been amended to permit the collection of cash items through regional check processing centers of this Bank.

Regulation D, Reserves of Member Banks

For member banks, the revisions in Regulation D — which involve a restructuring in reserve requirements — will take effect in two steps beginning the week of September 21-27.

Under the restructuring, reserve requirements on net demand deposits will be based on the following ratios:

<u>Amount of net demand deposits</u>	<u>Reserve percentages applicable</u>
First \$2 million or less	8 percent
Over \$2 million to \$10 million	10 percent
Over \$10 million to \$100 million	12 percent
Over \$100 million to \$400 million	13 percent
Over \$400 million	17½ percent

With one exception, the reserve ratios in this table will go into effect beginning with the statement week of September 21-27 (based on the average level of net demand deposits held during the week of September 7-13). The one exception is that the reserve ratio on net demand deposits between \$100 million and \$400 million for banks that are presently classified as reserve city banks will be reduced from 17½ percent to 16½ percent for the statement week ending September 27, and to 13 percent for the statement week ending October 4, at which time all of the reserve ratios in the table will be in effect.

Member banks should also be aware that the waivers of penalties on reserve deficiencies that have been arranged with this Bank become effective in the statement week of September 21-27.

Availability of Federal Reserve credit

This Bank will be receptive to requests from member banks in need of temporary credit to tide them over the period of adjustment to the new check collection rules. Also, in the event that the regulatory changes result in a significant impairment of the liquidity of any nonmember bank or impair its ability to serve its community, Federal Reserve credit will be made available for such nonmember bank on substantially the same terms as are applied to member banks for as long as may be necessary to enable such a bank to adjust to the new situation.

Inquiries to this Bank

If you are in the Head Office territory and you have any questions regarding the matters referred to in this circular, you may contact the following officers of this Bank (Telephone No. 212-732-5700):

- Check collection matters James O. Aston, Assistant Vice President,
Extension 8412
Karl L. Ege, Assistant Vice President,
Extension 8322

- Waivers of penalties and other
reserve account matters Walter S. Rushmore, Assistant Vice President,
Extension 8061

- Credit accommodation Herbert H. Ruess, Manager, Credit and
Discount Department, Extension 8091

If you are in the Buffalo Branch territory, you may contact either of the following officers of the Branch (Telephone No. 716-853-1700):

- Ronald B. Gray, Assistant Vice President and Cashier,
Extension 204

- Harry A. Curth, Jr., Assistant Cashier,
Extension 208

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

ALFRED HAYES,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

**Second Supplement to
Operating Circular No. 4
(Revised effective September 2, 1969)
Effective September 21, 1972**

COLLECTION OF CASH ITEMS

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

Paragraph 2 of Operating Circular No. 4, Revised effective September 2, 1969, is amended to read as follows:

2. Unless otherwise stated, all references to the Federal Reserve Bank of New York, or "this Bank," will include the Head Office, its Buffalo Branch, and its regional check processing centers.

ALFRED HAYES,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

**Operating Circular No. 5
Revised effective September 20, 1972**

TIME SCHEDULES

Availability of Credit for Cash Items

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

1. Subject to the terms and conditions of Regulation J of the Board of Governors of the Federal Reserve System, our Operating Circular No. 4, relating to the collection of cash items, our Operating Circular No. 7, relating to Saturday closing of our offices and the offices of other Federal Reserve Banks and Branches, and of this circular including its appendices, we will give credit on our books to member and nonmember clearing banks at the times indicated in this circular including its appendices for cash items (a) received and accepted at our Head Office, our Buffalo Branch, or any of our Regional Check Processing Centers, and (b) payable in other Federal Reserve Districts or in the territory of the other office of this Bank* and sent, with our permission, direct to the other Federal Reserve Banks or to the other office of this Bank for our account. Appendix No. 1 to this circular sets forth our Head Office time schedule, Appendix No. 1-A, our Long Island Regional Check Processing Center time schedule, and Appendix No. 2, our Buffalo Branch time schedule.

2. Cash items sent to us by member and nonmember clearing banks in the territory assigned to our Head Office in New York City (i.e., all of the Second Federal Reserve District except the following counties in the State of New York, which are in the territory assigned to our Buffalo Branch: Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Livingston, Monroe, Niagara, Ontario, Orleans, Steuben, Wayne, Wyoming, and Yates) should be sent to our Head Office, except that such banks may, with our prior agreement, send cash items payable in the Buffalo Branch territory (those with routing symbols 0220 and 0223) to our Buffalo Branch. Cash items sent to us by member and nonmember clearing banks in the territory assigned to our Buffalo Branch (i.e., the aforementioned counties in New York State) should be sent to our Buffalo Branch, except that such banks may, with our prior agreement, send cash items payable in the New York

* "The other office of this Bank" for purposes of this circular means the office of this Bank (Head Office or Buffalo Branch) other than the office at which the senders account is maintained.

Head Office territory (those with routing symbols 0210, 0260, 0270, 0280, and 0211 through 0217) to our Head Office in New York City.

Credit for cash items

3. Credit for cash items sent to our Head Office, Buffalo Branch, or any of our Regional Check Processing Centers is subject to applicable closing times and to sorting requirements as shown herein and in the appendices hereto. Credit for items received by us after the applicable closing times will be computed from our following business day. When items for which there are different closing times are not sorted and listed in accordance with the requirements, credit for all such items may be deferred for the longest time for which credit may be deferred for any of such items as provided herein and in the appendices hereto.

Direct sending to other Federal Reserve Banks and to the other office of this Bank

4. Member and nonmember clearing banks that have received our permission to send cash items payable in other Federal Reserve Districts or in the territory of the other office of this Bank direct to other Federal Reserve Banks or direct to the other office of this Bank for account of the office of this Bank at which the sender's account is maintained, or that are required by us, because of volume, to send such items direct to those Federal Reserve offices, will be given credit for items so sent as specified below:

(a) Items payable in Federal Reserve Bank or Branch cities —

Based on the time (not in excess of two business days) normally required for the collection thereof as indicated in separate availability schedules furnished to the respective direct-sending banks;

(b) Items payable in localities outside of Federal Reserve Bank or Branch cities —

Two business days from the dispatch thereof;

provided, however, that this Bank may, by giving notice to such effect to any member or nonmember clearing bank, prescribe how, and the time or times before which, all items or certain items must be dispatched by such bank in order to obtain such credit.

Time of presentment

5. We do not by this circular, or otherwise, agree to present any item, or to cause any item to be presented, earlier than such item is

required to be presented, in the exercise of ordinary care, under the provisions of the Uniform Commercial Code of New York.

Special sorting requirements

6. (a) Any member or nonmember clearing bank that has for collection a daily average of not more than 300 immediate-credit and deferred-credit items (excluding food coupons) payable outside of the city or town in which such bank is located may be permitted, upon application to send such items to us unsorted with one cash letter: *Provided*, That the items sent to this Bank by such bank on any one day shall include all such items processed by it on that day. Credit for items so sent, when received by the applicable closing time, will be given one business day after receipt.

(b) Any member or nonmember clearing bank that has for collection a daily average of not more than 2,000 immediate-credit and deferred-credit items (excluding food coupons) payable outside of the city or town in which such bank is located may be permitted, upon application, to send such items to us unsorted with one cash letter: *Provided*, That the dollar amount is encoded on each item in accordance with the American Bankers Association Magnetic Ink Character Recognition Program: *Provided further*, That the items sent to this Bank by such bank on any one day shall include all such items processed by it on that day. Credit for items so sent, when received by us in time for presentment on the day of receipt of all immediate-credit items included with such cash letter, will be given one business day after receipt.

7. Any member or nonmember clearing bank that sends to us cash items payable at banks located in the same city or town as the sending bank or one of its offices must sort, list, and package such items according to drawee banks.

8. Except as provided in paragraphs 4, 6, 7, and 11, member banks and nonmember clearing banks may send cash items to us only in accordance with the sorting requirements shown in the appendices hereto.

Effect of holidays upon availability

9. No Saturday, Sunday, or other holiday for this Bank will constitute a business day in determining when our Head Office, Buffalo Branch, or any of our Regional Check Processing Centers will give credit for any cash item being collected by us or for our account.

10. When the day on which credit would otherwise be given pursuant to our time schedules is a Saturday, a Sunday, or any other

holiday for this Bank, credit will be given on our following business day.

Credit for transfer drafts

11. Credit will be given for transfer drafts drawn by member banks or nonmember clearing banks on their commercial bank correspondents based on actual transit time, whether received at our Head Office or our Buffalo Branch or sent for our account direct to the Federal Reserve Bank or Branch in the District where such draft is payable. Such drafts should be sent with separate cash letters; when such drafts are sent direct to other Federal Reserve Banks or Branches, separate advices (marked "Transfer Drafts") of such direct sendings should be sent to the office of this Bank with which the sending bank maintains its account.

Revision of this circular

12. We reserve the right at any time, with or without notice, to revoke, modify, amend, or add to this circular, including its appendices, or any provision thereof, effective as to all member banks and nonmember clearing banks or any of them.

Effect of this circular on previous circulars

13. This circular supersedes our Operating Circular No. 5, Revised effective September 2, 1969, and the First Supplement thereto, dated September 28, 1971.

ALFRED HAYES,
President.

FEDERAL RESERVE BANK
OF NEW YORK

Appendix No. 1 to
Operating Circular No. 5

Revised effective September 20, 1972

NEW YORK HEAD OFFICE TIME SCHEDULE

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

1. Credit for cash items received and accepted at our Head Office will be given, subject to applicable closing times and to sorting and other requirements, as shown below.

Immediate credit

2. Immediate credit will be given for the following items received on Mondays through Fridays that are not public holidays:

<i>Items</i>	<i>Closing times</i>
Items on banks in New York City and Northern New Jersey with routing symbols 0210, 0260, 0270, and 0280*; checks on the Treasurer of the United States and postal money orders (routing symbol 0000) if not deposited with a separate cash letter and total for each class.	If fully MICR qualified and computer-acceptable 5:00 a.m. If computer-rejected 3:00 a.m. If not MICR amount-encoded 3:00 a.m. (Or later, if the items are cleared on the day of receipt)
Checks on the Treasurer of the United States and postal money orders	If deposited with a separate cash letter and total for each class 1:30 p.m.
Redeemed U. S. Department of Agriculture food coupons	Must be deposited with a separate cash letter and total 1:30 p.m.
Checks on the Treasurer of the United States in amounts of \$5,000 and over,	If deposited with a separate cash letter and total for each class 3:30 p.m.
Checks on Federal Reserve Bank of New York (including Buffalo Branch), and Officers' checks of other Federal Reserve Banks	

* Banks that are participants in the Long Island Regional Check Processing Center should clear 0280 items, as well as items drawn on other participating banks, through that facility.

Deferred credit

3. Deferred credit for all items, other than those specified in paragraph 2 and transfer drafts (see paragraph 11 of Operating Circular No. 5), that are received on Mondays through Fridays (not public holidays) and, with respect to certain items, that are received on Saturdays (not otherwise public holidays) will be given as indicated below:

(a) Unsorted items from certain senders; items payable in the New York Head Office Territory; items payable through the Long Island Regional Check Processing Center; and items payable in the Buffalo Branch Territory —

ONE BUSINESS DAY AFTER RECEIPT

<i>Unsorted items</i>	<i>Closing times</i>
Mixed cash letters from banks with daily averages of not more than 300 items as specified in paragraph 6(a) of Operating Circular No. 5	Mondays through Fridays 10:00 a.m.
Mixed cash letters from banks with daily averages of not more than 2,000 MICR amount-encoded items as specified in paragraph 6(b) of Operating Circular No. 5	Mondays through Fridays 5:00 a.m. (Or later if the immediate-credit items are actually cleared on the day of receipt)
<i>Items payable in the New York Head Office Territory</i>	
Items on banks with routing symbols 0211 through 0217	Mondays through Fridays If fully MICR qualified and computer-acceptable 12:00 noon If computer-rejected 10:00 a.m. If not MICR amount-encoded 10:00 a.m.
Items fully MICR qualified in both the transit number and amount fields and sorted by depositing banks by means of computer equipment into a separate cash letter for each group of banks listed in separately furnished schedules	Mondays through Fridays 9:30 p.m. Saturdays 11:00 a.m.
<i>Items payable through the Long Island Regional Check Processing Center</i>	
Items on banks with routing symbol 0214 and items on banks with the following routing symbol-transit numbers: 0213-0429 0213-0436 0213-0666 0213-0812	Mondays through Fridays If fully MICR qualified and computer-acceptable 10:30 p.m. If computer-rejected 8:30 p.m. If not MICR amount-encoded 8:30 p.m.

TWO BUSINESS DAYS AFTER RECEIPT

<i>Items payable in the Buffalo Branch Territory</i>	<i>Closing times</i>
Items on banks with routing symbol 0223	Mondays through Fridays If fully MICR qualified and computer-acceptable 12:00 noon If computer-rejected 10:00 a.m. If not MICR amount-encoded 10:00 a.m.

(b) Items payable in the following Federal Reserve Bank or Branch cities* —

ONE CALENDAR DAY AFTER RECEIPT

Atlanta	Dallas	Nashville
Baltimore**	Detroit	New Orleans
Birmingham	Houston	Philadelphia
Boston	Jacksonville	Pittsburgh
Buffalo	Kansas City, Kan.	Portland
Charlotte	Kansas City, Mo.	Richmond
Chicago	Louisville	St. Louis
Cincinnati	Miami	St. Paul, Minn.
Cleveland	Minneapolis	San Francisco

TWO CALENDAR DAYS AFTER RECEIPT

Denver***	Memphis	San Antonio
El Paso	Oklahoma City	Seattle
Helena	Omaha	
Little Rock	Salt Lake City	

TWO BUSINESS DAYS AFTER RECEIPT

Los Angeles

(c) Items payable at banks on the Par List in other Federal Reserve Districts, outside Federal Reserve Bank or Branch cities —

TWO BUSINESS DAYS AFTER RECEIPT

The closing times for the items listed in subparagraphs (b) and (c) above are as follows:

Mondays through Fridays	
If fully MICR qualified and computer-acceptable	12:00 noon
If computer-rejected	10:00 a.m.
If not MICR amount-encoded	10:00 a.m.
Saturdays	
If fully MICR qualified and computer-acceptable	11:00 a.m.

* For purposes of this circular, the term "Federal Reserve Bank or Branch cities" includes Kansas City, Kan.; St. Paul, Minn.; and Miami, Fla.

** Includes items drawn on banks participating in the Baltimore regional check clearing center bearing routing symbols 0520, 0540, 0550, 0560 and 0570.

*** Includes items drawn on banks in Cheyenne and Laramie, Wyoming, and on those banks in Colorado (list furnished on request) that participate in the Colorado and Wyoming regional check-clearing facility bearing routing symbol 1070.

Sorting requirements

4. Except as provided in paragraphs 4, 6, 7, and 11 of Operating Circular No. 5, the general sorting requirements set forth below will apply.

Immediate-credit items

5. All immediate-credit items (routing symbols 0210, 0260, 0270, and 0280) may be deposited in a single sort, including checks on the Treasurer of the United States and postal money orders (routing symbol 0000).

Deferred-credit items

6. All deferred-credit items, (all routing symbols other than those indicated in paragraph 5 above), including items payable in other Federal Reserve Districts, may be deposited in a single sort. However we may require, where volume warrants, that such items payable in other Federal Reserve Districts, the territory served by our Buffalo Branch, and the area served by any Regional Check Processing Center of this Bank be sent direct.

Effect of this appendix upon previous appendix

7. This appendix supersedes Appendix No. 1, Revised effective March 15 1971, to Operating Circular No. 5, and the First and Second Supplements to that Appendix dated June 23, 1971 and September 8, 1971.

ALFRED HAYES,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

**Appendix No. 1-A to
Operating Circular No. 5**
Effective September 20, 1972

**LONG ISLAND REGIONAL CHECK PROCESSING CENTER
(LIRCPC) TIME SCHEDULE**

To the Member Banks, Nonmember Clearing Banks and Long Island Regional Check Processing Center Participating Banks of the Second Federal Reserve District:

Credit for cash items received and accepted at our Long Island Regional Check Processing Center on Monday evenings through Friday evenings up to 12:01 a.m. of the next day, will be given, subject to applicable closing times and to sorting and other requirements, as shown in the schedule below.

SENDER	TYPE OF ITEMS	CREDIT AVAILABILITY	CLOSING HOUR
Participating banks, other reserve offices, direct-sending member banks and other RCPCs	Fully MICR qualified and computer-acceptable items on participating banks with routing symbol 0214,* and items on banks with the following routing symbol—transit numbers: 0213-0429 0213-0436 0213-0666 0213-0812	Immediate	12:01 a.m. Tues.-Sat.
Participating banks, other reserve offices, direct-sending member banks and other RCPCs	Computer-rejected items on participating banks with routing symbol 0214,* and items on banks with the following routing symbol—transit numbers: 0213-0429 0213-0436 0213-0666 0213-0812	One Business Day	10:00 p.m. Mon.-Fri.
Participating banks having daily average volume not exceeding 300 non-amount-encoded items	Items on participating banks with routing symbol 0214,* and items on banks with the following routing symbol—transit numbers: 0213-0429 0213-0436 0213-0666 0213-0812	One Business Day	10:00 p.m. Mon.-Fri.
Participating banks	Checks on the Treasurer of the United States and postal money orders. (Must be deposited with a separate cash letter for each type.)	Immediate	12:01 a.m. Tues.-Sat.

* Participating banks should also clear 0280 items through the facility.

SENDER	TYPE OF ITEMS	CREDIT AVAILABILITY	CLOSING HOUR
Participating banks	Checks on Federal Reserve Bank of New York (including Buffalo Branch). (Must be deposited with a separate cash letter.)	Immediate	12:01 a.m. Tues.-Sat.
Participating banks	Redeemed U. S. Department of Agriculture food coupons and certificates. (Must be deposited with a separate cash letter and total.)	Immediate	12:01 a.m. Tues.-Sat.
Participating member banks	Items on banks in New York City and Northern New Jersey with routing symbols 0210, 0260, and 0270.	Immediate	12:01 a.m. Tues.-Sat.
Participating member banks	Items payable in the New York Head Office territory on banks with routing symbols 0211, 0212, 0213, 0215, 0216, and 0217.	One Business Day	12:01 a.m. Tues.-Sat.
Participating member banks	Items payable in the New York Head Office territory fully MICR qualified in both the transit number and amount fields and sorted by depositing banks by means of computer equipment into a separate cash letter for each group of banks listed in separately furnished schedules.	One Business Day	8:00 p.m. Mon.-Fri.
Participating member banks	Items payable in the Buffalo Branch territory on banks with routing symbol 0223.	Two Business Days	12:01 a.m. Tues.-Sat.
Participating member banks	Items payable in other Federal Reserve Bank or Branch cities.**	Refer to Appendix No. 1 to Operating Circular No. 5	12:01 a.m. Tues.-Sat.
Participating member banks	Items payable at banks on the Par List in other Federal Reserve Districts outside Federal Reserve Bank or Branch cities.**	Two Business Days	12:01 a.m. Tues.-Sat.

** Banks participating in consolidated shipments of interdistrict items should continue to make such deposits at the Head Office.

ALFRED HAYES,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

[**Appendix No. 2 to
Operating Circular No. 5
Revised effective September 20, 1972**]

BUFFALO BRANCH TIME SCHEDULE

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

1. Credit for cash items received and accepted at our Buffalo Branch will be given, subject to applicable closing times and to sorting and other requirements, as shown below.

Immediate credit

2. Immediate credit will be given for the following items received on Mondays through Fridays that are not public holidays :

<i>Items</i>	<i>Closing times</i>
Items on banks in Buffalo (routing symbol 0220); checks on the Treasurer of the United States and postal money orders (routing symbol 0000) if not deposited with a separate cash letter and total for each class	If fully MICR qualified and computer-acceptable 8:00 a.m. If computer-rejected 6:00 a.m. If not MICR amount-encoded 6:00 a.m. (Or later, if the items are cleared on the day of receipt)
Checks on the Treasurer of the United States and postal money orders	If deposited with a separate cash letter and total for each class 2:30 p.m.
Redeemed U. S. Department of Agriculture food coupons	Must be deposited with a separate cash letter and total 2:30 p.m.
Checks on the Treasurer of the United States in amounts of \$5,000 and over	If deposited with a separate cash letter and total for each class 3:30 p.m.
Checks on Federal Reserve Bank of New York (including Buffalo Branch), and Officers' checks of other Federal Reserve Banks	

Deferred credit

3. Deferred credit for all items, other than those specified in paragraph 2 and transfer drafts (see paragraph 11 of Operating Circular

No. 5), that are received on Mondays through Fridays (not public holidays) will be given as indicated below:

(a) Unsorted items from certain senders; items payable in the Buffalo Branch Territory; and items payable in the New York Head Office Territory—

ONE BUSINESS DAY AFTER RECEIPT

<i>Unsorted items</i>	<i>Closing times</i>
Mixed cash letters from banks with daily averages of not more than 300 items as specified in paragraph 6(a) of Operating Circular No. 5	12:00 noon
Mixed cash letters from banks with daily averages of not more than 2,000 MICR amount-encoded items as specified in paragraph 6(b) of Operating Circular No. 5	8:00 a.m. (Or later if the immediate-credit items are actually cleared on the day of receipt)

Items payable in the Buffalo Branch Territory

Items on banks with routing symbol 0223	If fully MICR qualified and computer-acceptable	2:00 p.m.
	If computer-rejected	12:00 noon
	If not MICR amount-encoded	12:00 noon
Items of \$500 and over on above banks, if MICR amount-encoded and deposited in a separate cash letter		3:00 p.m.

TWO BUSINESS DAYS AFTER RECEIPT

<i>Items payable in the New York Head Office Territory</i>	<i>Closing times</i>	
Items on banks with routing symbols 0211 through 0217	If fully MICR qualified and computer-acceptable	2:00 p.m.
	If computer-rejected	12:00 noon
	If not MICR amount-encoded	12:00 noon

(b) Items payable in the following Federal Reserve Bank or Branch cities*—

* For purposes of this circular, the term "Federal Reserve Bank or Branch cities" includes Kansas City, Kan.; St. Paul, Minn.; and Miami, Fla.

ONE CALENDAR DAY AFTER RECEIPT

Atlanta	Jacksonville	Philadelphia
Baltimore**	Kansas City, Kan.	Pittsburgh
Birmingham	Kansas City, Mo.	Portland, Ore.
Boston	Little Rock	Richmond
Charlotte	Louisville	St. Louis
Chicago	Memphis	St. Paul, Minn.
Cincinnati	Minneapolis	Salt Lake City
Cleveland	Nashville	San Antonio
Dallas	New Orleans	San Francisco
Denver***	New York City	Seattle
Detroit	Oklahoma City	
Houston	Omaha	

TWO CALENDAR DAYS AFTER RECEIPT

El Paso	Helena
Miami	

TWO BUSINESS DAYS AFTER RECEIPT

Los Angeles

(c) Items payable at banks on the Par List in other Federal Reserve Districts, outside Federal Reserve Bank or Branch cities—

TWO BUSINESS DAYS AFTER RECEIPT

The closing times for the items listed in subparagraphs (b) and (c) above are as follows:

Mondays through Fridays

If fully MICR qualified and computer-acceptable	12:00 noon
If computer-rejected	10:00 a.m.
If not MICR amount-encoded	10:00 a.m.

Sorting requirements

4. Except as provided in paragraphs 4, 6, 7, and 11 of Operating Circular No. 5, the general sorting requirements set forth below will apply.

Immediate-credit items

5. All immediate-credit items (routing symbol 0220) may be deposited in a single sort, including checks on the Treasurer of the United States and postal money orders (routing symbol 0000).

** Includes items drawn on banks participating in the Baltimore regional check clearing center bearing routing symbols 0520, 0540, 0550, and 0560.

*** Items drawn on banks in Cheyenne and Laramie, Wyoming, and on those banks in Colorado (list furnished on request) that participate in the Colorado and Wyoming regional check-clearing facility bearing routing symbol 1070 will, however, receive credit two calendar days after receipt.

Deferred-credit items

6. All deferred-credit items (all routing symbols other than those indicated in paragraph 5 above), including items payable in other Federal Reserve Districts, may be deposited in a single sort. However we may require, where volume warrants, that such items payable in other Federal Reserve Districts, the territory served by the Head Office, and the area served by any Regional Check Processing Center of this Bank be sent direct.

Effect of this appendix upon previous appendix

7. This appendix supersedes Appendix No. 2, Revised effective March 15, 1971, to Operating Circular No. 5, and the First Supplement to that Appendix, dated June 23, 1971.

ALFRED HAYES,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

Operating Circular No. 6
[Revised effective September 21, 1972]

**INSTRUCTIONS TO COLLECTING BANKS
AND PAYING BANKS**

*To the Member and Nonmember Banks
of the Second Federal Reserve District, and Others Concerned:*

1. This operating circular contains instructions to be followed in the handling of, and payment or remittance for, checks and other cash items contained in cash letters received from this Bank.

2. This operating circular, our Operating Circular No. 4, entitled "Collection of Cash Items," and our time schedules are issued pursuant to the provisions of Sections 4, 13, 14(e), and 16 of the Federal Reserve Act and the provisions of related statutes and in conformity with the provisions of Regulation J of the Board of Governors of the Federal Reserve System (hereinafter referred to as Regulation J). All terms defined in Regulation J and used herein have the meanings stated in that regulation.¹ The attention of collecting banks, paying banks, and nonbank payors is also directed to the fact that Section 210.3 of Regulation J provides that the provisions of that regulation and of the operating circulars of the Federal Reserve Banks shall be binding upon each collecting bank, paying bank, and nonbank payor to which the Federal Reserve Bank, or any subsequent collecting bank, presents, sends, or forwards a cash item received by the Federal Reserve Bank.

3. Unless otherwise stated, all references to the Federal Reserve Bank of New York, or "this Bank," will include the Head Office, its Buffalo Branch, and its Regional Check Processing Centers.

Presentment for payment

4. As contemplated by Section 210.7 of Regulation J, any cash item may be presented for payment by a Federal Reserve Bank or a subsequent collecting bank, may be sent by a Federal Reserve Bank or a subsequent collecting bank for presentment and payment, or may be

¹For the purposes of this operating circular as well as for the purposes of Regulation J, the Virgin Islands and Puerto Rico shall be deemed to be in or of the Second Federal Reserve District; and Guam and American Samoa shall be deemed to be in or of the Twelfth Federal Reserve District. See Regulation J, note 1.

forwarded by a Federal Reserve Bank to a subsequent collecting bank with authority to present it for payment or to send it for presentment and payment.

Endorsements

5. The attention of paying banks and collecting banks is called to the fact that, in the event a cash item is received by a Federal Reserve Bank from a sender without the endorsement thereon of such sender, the Federal Reserve Bank may present, send, or forward the item as if it bore such endorsement, or place on the item the name of such sender and the date of its receipt by the Federal Reserve Bank, or return the item to the sender for proper endorsement by the sender. This Bank makes the warranties stated in Section 210.6(b) of Regulation J by presenting, sending, or forwarding a cash item or an instrument which it handles as a cash item pursuant to paragraph 4 of our Operating Circular No. 4. These warranties arise whether or not such item bears the endorsement of this Bank.

Payment for cash letters

6. Payment or remittance for our cash letter must be made by a paying bank for all accompanying cash items which shall not have been returned by said bank prior to the close of its banking day on which such cash items are received.² Such payment or remittance shall be made at par and in the manner hereafter provided:

- (a) Debit to an account on the books of this Bank;
- (b) Cash; or
- (c) In the discretion of this Bank, any other form of payment or remittance.

The proceeds of any such payment or remittance in any form herein stated shall be available to this Bank not later than the close of the banking day for this Bank on which such items were so received by the paying bank. If the banking day on which such items are received by a paying bank is not a banking day for this Bank, any payment or remittance made hereunder shall be effected on the next banking day of both this Bank and such paying bank next following the day of receipt of such item.

² A cash item received by a paying bank shall be deemed to have been received by the bank on its next banking day if the item is received under one of the following circumstances:

- (1) On a day other than a banking day for it, or
- (2) On a banking day for it, but
 - (a) After its regular banking hours, or
 - (b) After a "cut-off hour" established by it in accordance with applicable state law, or
 - (c) During afternoon or evening periods when it is open for limited functions only.

Collecting banks

7. A subsequent collecting bank (other than a Federal Reserve Bank) to which the paying bank has paid or remitted for a cash item as herein provided shall pay or remit the proceeds to the Federal Reserve Bank which forwarded the item to it in such fashion that the proceeds thereof will be available to such Federal Reserve Bank not later than the close of the banking day, for such Federal Reserve Bank, on which the proceeds were received by such subsequent collecting bank.

Differences and adjustments

8. Unless a paying bank has otherwise agreed with this Bank, when a paying bank pays or remits for our cash letter in an amount not in agreement with the total of the cash letter because the accompanying cash items do not prove to the amount of the cash letter, a complete explanation of the difference should be furnished on the appropriate form provided by this Bank.

Return items

9. If a paying bank returns to us an unpaid cash item in accordance with the provisions of Section 210.12 of Regulation J,³ it may recover any payment or remittance theretofore made by it for such item by requesting a credit therefor to an account on our books; and paying banks are urged to follow this procedure to the extent practicable. However, any such paying bank may return any such unpaid item to us for refund.

10. Any collecting bank which receives an unpaid cash item from a paying bank for return to us is hereby directed to forward the return item to us before midnight of its next banking day following the banking day of its receipt of the return item, or as such time may be extended by operation of the provisions of Section 210.14 of Regulation J. A collecting bank which takes or receives a credit or obtains a refund for the amount of any remittance made by it in respect of a cash item forwarded to it by us and returned to us by it thereby (a) warrants to us and to the sender of the item and all prior parties thereon that its return of the unpaid item to us was timely, and (b) agrees to indemnify us for any loss or expense sustained (including but not limited to attorneys' fees and expenses of litigation) resulting from its breach of such warranty.

11. In accordance with paragraph (b) of Section 210.12 of Regulation J, each paying bank which takes or receives a credit or obtains a refund in respect of a cash item received by it from or through us

³ The provisions of Section 210.12 of Regulation J are set forth in the Appendix to this operating letter.

warrants to us, to any subsequent collecting bank, and to the sender and all prior parties that it took all action necessary to entitle it to recover such payment within the times limited therefor.

12. A paying bank, or a collecting bank, may return to us without entry a cash item which the paying bank or collecting bank did not return on time, with a request that we ask our sender to make refund therefor, in which event we shall make refund to the paying bank or collecting bank and charge our sender only if the latter specifically authorizes us to do so.

13. Each cash item returned unpaid should bear a notation clearly indicating the reason for nonpayment.

14. No Federal Reserve Bank shall have any responsibility for determining whether the paying bank took all action necessary to entitle it to recover its payment or remittance within the times limited therefor by the provisions of Regulation J or whether any collecting bank returned the item to it within the time limited therefor by paragraph 10 of this operating circular.

15. For its own protection each paying bank and collecting bank returning cash items to us for any reason should maintain adequate records to permit the reproduction or tracing of any items lost or destroyed in transit.

16. If a paying bank or a collecting bank makes, in accordance with applicable State law, a direct return to the depository bank of an unpaid cash item which it has received from or through us or any other Federal Reserve Bank, any provisional credit for the item between such paying bank or collecting bank and this Bank or any other Federal Reserve Bank, between this Bank or any other Federal Reserve Bank and the sender, and between this Bank and any other Federal Reserve Bank shall become and remain final.

Uniform instructions regarding protest and advice of nonpayment

17. Except as provided in paragraph 18 hereof, all paying banks and collecting banks must receive, handle, and forward cash items in accordance with the following uniform instructions regarding protest and wire advice⁴ of nonpayment; and any contrary or special instructions noted on cash letters or otherwise transmitted with cash items are to be disregarded:

(a) PROTEST any dishonored item of \$1,000 or over:

(i) which appears on its face to have been drawn at a place which is not within any State,⁵ unless it bears on its face the A.B.A. no-protest symbol of a Federal Reserve Bank or of a preceding bank endorser, or

⁴ For the purposes of this operating circular, the term "wire" includes telephone, telegraph, and cable.

⁵ The term "State" is defined in Section 210.2(n) of Regulation J to mean any State of the United States, the District of Columbia, or Puerto Rico, or any territory, possession, or dependency of the United States.

(ii) which bears on its face the legend, "PROTEST REQUIRED," of a Federal Reserve Bank or of a preceding bank endorser.

(b) DO NOT PROTEST:

(i) any item of less than \$1,000, or

(ii) any item of \$1,000 or over unless it is protestable under subparagraph (a).

(c) WIRE ADVICE of nonpayment of any item of \$1,000 or over, unless it has not been paid because of a missing, irregular, or unsatisfactory endorsement or unless it bears on its face the legend, "DO NOT WIRE NONPAYMENT," of a Federal Reserve Bank or of a preceding bank endorser. Include in the advice of nonpayment, the amount of the item, the reason for nonpayment, the date of our cash letter, the name of the drawer or maker, and the names of the two endorsers immediately preceding the Federal Reserve Bank or their A.B.A. transit numbers, if any.

(d) DO NOT WIRE ADVICE of nonpayment of:

(i) any item of less than \$1,000, or

(ii) any item of \$1,000 or over unless such advice is required by subparagraph (c).

18. DO NOT PROTEST AND DO NOT WIRE ADVICE of nonpayment of any cash item, 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.

19. The paying bank shall be responsible for making or providing for any protest of a cash item protestable under the provisions of this operating circular and for giving any wire advice of nonpayment required by the provisions hereof, except as may be otherwise provided by the rules or practices of any clearing house through which the item was presented or by agreement between this Bank and the paying bank.

20. This Bank shall have no responsibility for determining whether any other bank responsible therefor has (a) made or provided for the protest of any cash item protestable hereunder or (b) given any wire advice of nonpayment required hereunder.

Standardization, sorting, routing, and mechanized processing

21. To facilitate the sorting, routing, and mechanized processing of cash items, and thereby promote earlier presentment and return of unpaid items, paying banks are urged:

(a) In conformity with the A.B.A. Magnetic Ink Character Recognition Program, to preprint the routing symbol and the suffix of the transit number on all cash items in magnetic ink in E-13B type in the manner prescribed, and at the location assigned, by the A.B.A.

(b) To clearly imprint the appropriate transit number-routing symbol in fractional form in the upper right corner of all cash items payable by or through such paying banks, preferably 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.

(c) To conform cash items 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 to restrict cash items to a single thickness of card or paper.

22. The attention of paying banks and collecting banks is called to the provisions of our Operating Circular No. 4, entitled "Collection of Cash Items," to the effect that:

(a) This Bank may present, send, or forward any cash item, in accordance with the provisions of Section 210.6 of Regulation J, on the basis of:

(i) Any A.B.A. transit number or routing symbol appearing thereon at the time of its receipt by us, whether inscribed by magnetic ink or by any other means, and whether or not such transit number or routing symbol is consistent with each other form of designation of the paying bank (or nonbank payor) then appearing thereon; or

(ii) Any other form of designation of the paying bank (or nonbank payor) then appearing thereon, whether or not consistent with any A.B.A. transit number or routing symbol then appearing thereon; and

(b) If, in our judgment, the processing of any cash item by us requires the inscription thereon in magnetic ink, or otherwise, of the A.B.A. transit number, the routing symbol, or both, of the paying bank (or nonbank payor) or requires the inscription thereon in magnetic ink of the amount of such item, we may so inscribe the item and present, send, or forward it accordingly; and the sender of such item shall be deemed to assume the risk of loss resulting from delay caused by the act of inscribing such amount or such number, symbol, or both.

Cash letters received in mutilated condition

23. In the event that our cash letter is received in a mutilated condition, please telephone this Bank before attempting to function any portion thereof. Under certain conditions when the cash letter is returned intact, tracing and identification of mutilated or destroyed cash items is expedited.

Photographic copies

24. In the event we receive, as a cash item, a properly prepared photographic copy of a lost or destroyed item which was eligible for handling as a cash item, which copy bears a current endorsement of the sender and the following legend, or one of equivalent effect, signed by or in behalf of the sender :

“This is a photographic facsimile of the original check which was endorsed by the undersigned and reported lost, stolen or destroyed while in the regular course of bank collection. All prior and any missing endorsements and the validity of this facsimile are hereby guaranteed, and upon payment hereof in lieu of the original check, the undersigned will hold each collecting bank and the payor bank harmless from any loss suffered, provided the original check is unpaid and payment is stopped thereon.”

we will present or send the copy as a cash item to the paying bank (or nonbank payor), subject to all the rules as to payment or remittance for, and return of, cash items; and we urge paying banks (and nonbank payors) to accept such photocopies for handling as cash items. However, if a paying bank (or nonbank payor) declines to handle the copy as a cash item but is willing to handle it as a noncash item, we will charge back to the sender the amount of the copy and will present or send the copy to the paying bank (or nonbank payor) as a noncash item under the terms of our current operating circular relating to the collection of noncash items; or, if such paying bank (or nonbank payor) refuses to handle the copy, we will charge back the amount of the copy and return the copy to the sender.

Right to amend

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

Effect of this circular on previous circular

26. This circular supersedes our Operating Circular No. 6, dated September 1, 1967, and the First Supplement thereto dated April 1, 1972.

ALFRED HAYES,
President.

APPENDIX

RETURN OF CASH ITEMS

Section 210.12 of Regulation J, captioned "Return of Cash Items," provides as follows:

"(a) A paying bank that receives a cash item from or through a Federal Reserve Bank, otherwise than for immediate payment over the counter, and that pays or remits for such item as provided in § 210.9(a) of this part shall have the right to recover any payment or remittance so made if, before it has finally paid the item, it returns the item before midnight of its banking day next following the banking day of receipt or takes such other action to recover such payment or remittance within such time and by such means as may be provided by applicable State law: *Provided*, that the foregoing provisions shall not extend, nor shall the time herein provided for return be extended by, the time for return of unpaid items fixed by the rules and practices of any clearing house through which the item was presented or fixed by the provisions of any special collection agreement pursuant to which it was presented.

"(b) Any paying bank which takes or receives a credit or obtains a refund for the amount of any payment or remittance made by it in respect of a cash item received by it from or through a Federal Reserve Bank shall be deemed (1) to warrant to such Federal Reserve Bank, to a subsequent collecting bank, and to the sender and all prior parties that it took all action necessary to entitle it to recover such payment or remittance within the time or times limited therefor by the provisions of this part, by the applicable rules and practices of any clearing house through which the item was presented, by the applicable provisions of any special collection agreement pursuant to which it was presented, and, except as a longer time may be afforded by the provisions of this part, by applicable State law; and (2) to agree to indemnify such Federal Reserve Bank for any loss or expense sustained (including but not limited to attorneys' fees and expenses of litigation) resulting from its action in giving such credit or making such refund, or in making any charge to, or obtaining any refund from, the sender. No Federal Reserve Bank shall have any responsibility to such paying bank or any subsequent collecting bank or to the sender of the item or any other prior party thereon for determining whether the action hereinabove-referred to was timely."

**FEDERAL RESERVE BANK
OF NEW YORK**

[**Operating Circular No. 7**
Revised effective September 21, 1972]

SATURDAY CLOSING

*To All Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:*

1. (a) The Federal Reserve Bank of New York, including its Buffalo Branch and its Regional Check Processing Centers, continues to be closed on each Saturday pursuant to section 24-a of the General Construction Law of New York, as amended, and each Saturday is a public holiday in all respects affecting the Federal Reserve Bank of New York. Accordingly, the books of this Bank are closed on each Saturday and, as appears in our time schedules (Operating Circular No. 5), credit that would otherwise be given on a Saturday for cash items being collected by us or for our account will be given on the following business day.

(b) All other Federal Reserve Banks and Branches are also closed on each Saturday.

2. Saturday does not constitute a business day in determining the time when pursuant to our time schedules, our Head Office, Buffalo Branch, and any of our Regional Check Processing Centers will give credit for any deferred credit item being collected by us or for our account.

3. This circular supersedes our Operating Circular No. 7, Revised February 17, 1967.

ALFRED HAYES,
President.