

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7530]
[December 19, 1974]

CHECK COLLECTION SERVICES

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

Enclosed are copies of the following documents of this Bank, *all effective January 1, 1975*:

- (a) First Supplement to Operating Circular No. 4, "Collection of Cash Items";
- (b) First Supplement to Operating Circular No. 5, "Time Schedules — Availability of Credit for Cash Items";
- (c) Appendix No. 1, "New York Head Office Time Schedule," to Operating Circular No. 5;
- (d) Appendix No. 1-B, "Cranford Office — North Jersey Regional Check Processing Center (NJRCPC) Time Schedule," to Operating Circular No. 5;
- (e) First Supplement to Appendix No. 2, "Buffalo Branch Time Schedule," to Operating Circular No. 5;
- (f) Appendix No. 2-A, "Western New York Regional Check Processing Center (WNYRCPC) Time Schedule," to Operating Circular No. 5; and
- (g) Second Supplement to Operating Circular No. 6, "Instructions to Collecting Banks and Paying Banks."

The major check collection changes reflected in the enclosed documents are summarized below.

Non-amount encoded checks

Paragraph 5(d) of Operating Circular No. 4, paragraph 7 of Operating Circular No. 5, and the appendices to those circulars are amended to reflect the discontinuance of handling as cash items all checks, drafts, and similar items on which the dollar amount of the items has not been previously encoded in magnetic-ink characters in the prescribed location assigned by the American Bankers Association. Preliminary notice of this action was given to all banks in Circular No. 7319, dated January 9, 1974. This policy change is a uniform step being taken by all Reserve Banks to encourage conformity by all banks with the MICR program, adopted by the banking industry in 1958, which envisions that the first bank of deposit in the check collection cycle should prepare the items for subsequent high-speed processing.

Wire advice of nonpayment

Current Reserve Bank operating circulars request paying banks to include the "names of the *two* endorsers immediately preceding the Federal Reserve Bank or their A.B.A. routing numbers, if any" when providing wire advice of nonpayment. Because a dishonored item may have more than two endorsers preceding that of the Reserve office, it is difficult for the sending bank to identify and notify the first endorser. To eliminate this problem, the wire notice instructions are amended to request "the names of *all* endorsers preceding the Federal Reserve Bank or their A.B.A. routing numbers, if any." This change is reflected in paragraph 19(c) of Operating Circular No. 4 and paragraph 17(c) of Operating Circular No. 6.

Cash letter adjustments

During the past several months all Reserve offices have been requesting paying banks in their territories not to report adjustments of \$1.00 or less which are detected in Federal Reserve cash letters. A very good level of cooperation has been achieved. Accordingly, paragraph 8 of Operating Circular No. 6 is amended.

Deposits of cash items drawn on banks located in the area served by the Cranford Office

Cash letters consisting of cash items drawn on banks participating in the North Jersey Regional Check Processing Center (routing symbols 0212 and 0217), located at the Cranford Office, may be deposited at that Office by non-participating Second District member banks, other Federal Reserve offices, and direct-sending member banks in accordance with the closeoff hours specified in Appendix No. 1-B to Operating Circular No. 5. In addition, separate, clearly identified, packages consisting of such cash letters may also be deposited at the New York Head Office for transshipment to Cranford, as indicated in paragraph 1 of Appendix No. 1 to Operating Circular No. 5.

Credit for cash items payable in other Federal Reserve Districts

Paragraph 2 of Appendix No. 1 to Operating Circular No. 5 is amended: (a) to include Los Angeles in the list of Federal Reserve Bank or Branch cities for which credit will be given one calendar day after receipt, and to delete it from the list of Federal Reserve Bank or Branch cities for which credit is given two business days after receipt; (b) to include the Miami RCPC in the list of regional check processing centers for which credit will be given two calendar days after receipt, and to delete Miami from the list of Federal Reserve Bank or Branch cities for which credit is given two business days after receipt; (c) to include two newly established regional check processing centers (Los Angeles and Northwestern New England), and three existing regional check processing centers (Birmingham, Nashville, and New Orleans), under the heading "TWO CALENDAR DAYS AFTER RECEIPT"; and (d) to delete the Birmingham, Nashville, and New Orleans regional check processing centers under the heading "TWO BUSINESS DAYS AFTER RECEIPT."

Paragraph 2(b) of Appendix No. 2 to Operating Circular No. 5 is amended by deleting Los Angeles under the heading "TWO BUSINESS DAYS AFTER RECEIPT."

Paragraph 2(c) of Appendix No. 2 to Operating Circular No. 5 is amended: (a) to include the Upper Midwest Regional Check Processing Center (Minneapolis) under the heading "TWO CALENDAR DAYS AFTER RECEIPT," and to delete it under the heading "ONE CALENDAR DAY AFTER RECEIPT"; (b) to include the newly established Northwestern New England Regional Check Processing Center under the heading "TWO CALENDAR DAYS AFTER RECEIPT," and the newly established Los Angeles Regional Check Processing Center under the heading "TWO BUSINESS DAYS AFTER RECEIPT"; and (c) to include the Nashville Regional Check Processing Center under the heading "TWO CALENDAR DAYS AFTER RECEIPT" and to delete it under the heading "TWO BUSINESS DAYS AFTER RECEIPT."

Miscellaneous

References to "Treasurer of the United States" in Operating Circular No. 4 and its Appendix A and Appendix B and in Operating Circular No. 6 are revised to read "United States Treasury," in order to reflect a recent reorganization of the Fiscal Service of the Treasury Department.

If you have any questions regarding these matters, you may contact any of the following:

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