

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 7548 ]  
January 10, 1975

COLLECTION OF BONDS AND COUPONS

Provision for Exchange Charges To Be Discontinued, Effective July 1, 1975

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

It is the practice of some commercial banks to assess an "exchange" charge when paying bonds and coupons presented to them by other banks, including Federal Reserve Banks. However, the practice has declined to the point where only a few banks and issuers now assess such charges. A large majority of bonds and coupons are paid at par.

The imposition of such charges presents problems to both commercial banks and Federal Reserve offices in apportioning the charges for groups of bonds and coupons to individual owners. In addition, many parties have expressed concern regarding the appropriateness of passing redemption costs to the owners of such obligations rather than to the issuers.

Consequently, on July 1, 1975, operating circulars of all Federal Reserve Banks will be amended to require par payment for all bonds and coupons when presented for payment by a Federal Reserve Bank. This should remove a minor impediment to the free flow of such items through the collection process.

Questions or comments regarding this change should be directed to John Chowansky, Manager, Collection Department, at our Head Office (Telephone No. 212-791-5079) or Gary S. Weintraub, Assistant Cashier, at our Buffalo Branch (Telephone No. 716-853-1700, Ext. 203).

ALFRED HAYES,  
*President.*