

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7636]
May 21, 1975

Memorandum on Exchange Charges

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

Effective September 1, 1974, the Board of Governors of the Federal Reserve System amended Regulation J, "Collection of Checks and Other Items by Federal Reserve Banks," to reflect the publication by the Board of a *Memorandum on Exchange Charges*, replacing the "Federal Reserve Par List." In submitting the amendment for publication in the *Federal Register* the Board made the following statement:

The Federal Reserve Banks are prohibited from paying exchange charges by virtue of § 13 of the Federal Reserve Act, 12 U.S.C. 342, and cannot collect checks on banks demanding exchange charges. The Board of Governors has published a "Par List" for many years which lists cities in which checks will be cleared without the exaction of exchange charges. The list has become long and cumbersome, however, and the Board believes that a "Memorandum on Exchange Charges," which lists the banks at which exchange charges are made, would be a desirable alternative to the Par List. The Board is, therefore, amending Regulation J to reflect the new publication.

Enclosed is a copy of the amendment to Regulation J. Also enclosed is a copy of the Second Supplement to our Operating Circular No. 4, "Collection of Cash Items," Revised effective July 1, 1974, which implements the amendment to Regulation J. Copies of the *Memorandum* have already been sent to regular receivers of the Par List.

Any questions regarding this matter may be directed to Joseph M. O'Connell, Manager, Check Processing Department (Telephone No. 212—791-5321), or John M. Eighmy, Chief, Check Processing Division (Telephone No. 212—791-5319). Additional copies of 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 July 1, 1974)
May 21, 1975

COLLECTION OF CASH ITEMS

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

Operating Circular No. 4, revised effective July 1, 1974, is amended as follows:

1. Paragraph 3 has been amended to read as follows:

3. Except as otherwise provided by this operating circular, the following items may be sent to this Bank for handling as cash items in accordance with and subject to the provisions of Regulation J, of this operating circular, and of our time schedules:

(a) Checks, except checks drawn upon any bank included in the current "Memorandum on Exchange Charges" published by the Board of Governors, which indicates the banks that would make exchange charges on checks presented, sent or forwarded by Federal Reserve Banks and consequently would not be paying their checks at par.

2. Paragraph 17 is amended to read as follows:

17. 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 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. However, this Bank and the other Federal Reserve Banks reserve the right to return without presentment any cash item payable by or through a bank which is designated in the "Memorandum on Exchange Charges" published by the Board of Governors or may have been reported closed.

ALFRED HAYES,
President.

[ENC. CIR. No. 7636]

Board of Governors of the Federal Reserve System

COLLECTION OF CHECKS AND OTHER ITEMS
BY FEDERAL RESERVE BANKS

AMENDMENT TO REGULATION J

Effective September 1, 1974, footnote 2 in section 210.2 has been amended as follows:

² The Board of Governors publishes from time to time a "Memorandum on Exchange Charges" which indicates the banks that would make exchange charges on cash items forwarded by Federal Reserve Banks and consequently would not be paying their checks at par.

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