

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 7882]
May 26, 1976

**Checks Drawn on Mutual Savings Banks and State-Chartered Savings and Loan Associations
in New York State to Be Handled as Cash Items**

*To All Member Banks in the Second Federal Reserve District, Mutual Savings Banks and
State-Chartered Savings and Loan Associations in New York State, and Others Concerned:*

Effective May 26, 1976, in New York State, mutual savings banks and State-chartered savings and loan associations are authorized to offer demand deposit accounts to their customers. This Bank will handle checks drawn on such institutions as cash items. This circular and our Operating Circulars Nos. 4, 5, 6, and 7 provide information relative to the terms and conditions under which we will handle such items.

Checks drawn on such institutions may be deposited for collection at all offices of this Bank by Second District member banks, other Federal Reserve offices, and direct-sending member banks in accordance with our operating circulars. Such items may also be deposited at this Bank's Regional Check Processing Centers ("RCPCs") at our Jericho Office and Buffalo Branch by non-member participating banks with the concurrence of this Bank; however, nonmember participants may deposit only cash items drawn on financial depository institutions located in the area served by the RCPC in which the depositing nonmember bank is located.

Checks issued under the new authorization will be identified by a special Routing Number. The routing symbol portion of such number will be—2213 for such institutions located within the 34 counties in upstate New York served by the Head Office of this Bank; 2214 for Long Island (Nassau and Suffolk Counties); 2219 for the seven counties (Westchester, Rockland, Orange, Putnam, Dutchess, Ulster and Sullivan) immediately north of New York City; 2220 for the city of Buffalo; 2223 for the 14 counties (except the city of Buffalo) served by this Bank's Buffalo Branch; and 2260 for the five counties in New York City.

In keeping with current operating policies, this Bank will make direct presentment of cash items to all drawee institutions or their designated processing center or correspondent bank. However, in furtherance of the policy of the Federal Reserve System to reduce the number of endpoints in the payments system and to reduce the number of shipments to each endpoint, this Bank urges commercial banks and savings institutions, if they have not already done so, to make arrangements to accept the presentment of their cash items at processing centers serving two or more financial depository institutions. When this Bank presents, to a particular processing center or other institution for processing, items drawn on two or more financial depository institutions served by the same office of this Bank, all such items will, as our capability permits, be commingled in one cash letter. Presentment of cash items to mutual savings banks and savings and loan associations located outside New York City and Buffalo will be made by courier service or by mail. Upon request, such cash items will be available for pickup at any office of this Bank.

Agreements must be executed by mutual savings banks and savings and loan associations whose items will flow through the check collection system of the Federal Reserve Banks. One

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agreement must be executed with this Bank and a member bank selected by the savings institution, to permit us to charge the member bank's reserve account on our books to pay for such institution's cash letter. Another agreement will be necessary if such institution wishes to have its cash letter delivered or made available to a processor or at a location other than the institution on which the items are drawn. These agreement forms will be mailed to the affected savings institutions within the next few days. Executed agreements should be returned to Leonard I. Bennetts at our Head Office, Joseph M. O'Connell at our Jericho Office, or Robert J. McDonnell at our Buffalo Branch.

If you have questions relating to the above, you may contact any of the following officers:

Head Office

- James O. Aston, Assistant Vice President (Tel. No. 212-791-6334)
- Leonard I. Bennetts, Manager, Check Adjustment and Return Items Department (Tel. No. 212-791-5292)
- John C. Houhoulis, Manager, Payment Systems Department (Tel. No. 212-791-5997)
- John F. Sobala, Manager, Check Processing Department (Tel. No. 212-791-5321)

Buffalo Branch

- Peter D. Luce, Cashier (Tel. No. 716-849-5013)
- Robert J. McDonnell, Assistant Cashier (Tel. No. 716-849-5022)

Jericho Office

- Joseph M. O'Connell, Assistant Vice President (Tel. No. 516-997-4500)

Our operating circulars are being amended to reflect the changes announced in this circular; copies of the amended operating circulars will be sent to you as soon as they become available. Additional copies of this circular will be furnished upon request.

PAUL A. VOLCKER,
President.