

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N. Y. 10045

AREA CODE 212-791-5000

ATCIR No 9383(a)
October 18, 1982

Handling Charges for Federal Funds Checks

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

Depository institutions that maintain reserve or clearing accounts at Reserve Banks may draw "Federal funds" checks against their balances in such accounts. Use of these checks has grown substantially and expenses related to their special handling have grown commensurately. Such expenses find their way into the costs of other services provided by this Bank.

Therefore, beginning on November 15, 1982, the Federal Reserve Bank of New York will begin phasing in an explicit charge daily against the account of the drawee institution for each Federal funds check presented for payment. The following table shows the schedule for implementing the charges:

<i>Effective Date</i>	<i>Federal Funds Check Handling Fee</i>
November 15, 1982	\$1.00 per check
January 3, 1983	\$2.00 " "
April 1, 1983	\$3.00 " "
July 1, 1983	\$4.00 " "
October 3, 1983	\$5.00 " "

The charges are being gradually phased in to allow sufficient time for depository institutions to adjust their internal procedures, if appropriate. In this regard, we encourage consideration of the use of various cost-effective alternatives to Federal funds checks such as FEDWIRE funds transfers, other electronic payment systems, or official checks.

We will continue to provide preprinted Federal funds checks upon request. Effective November 15, 1982, the printing costs for such checks requested from this Bank will be charged to the account of the requesting institution upon delivery. You may, of course, provide your own Federal funds checks. Our only requirements are that they be printed on buff-colored paper, measure 3-1/16" x 8-1/4", and meet standard check requirements for content and MICR encoding.

The procedures for handling Federal funds checks will remain unchanged. Of course, all deposits of Federal funds checks are accepted subject to final collection and may be returned by this Bank for appropriate reasons.

If you have any questions regarding these procedures, or if you anticipate any significant difficulties with the implementation of the handling charges referred to in this letter, please feel free to contact, at the Head Office, Donald R. Anderson, Manager, Accounting Department (Tel. No. 212-791-5228) or, at the Buffalo Branch, Robert J. McDonnell, Operations Officer (Tel. No. 716-849-5022).

EDWIN R. POWERS,
Vice President.