

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. 9557  
September 29, 1983 ]

**SECURITIES SAFEKEEPING  
AND NONCASH COLLECTION SERVICES**

**Fee Schedules, Effective October 27, 1983**

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

Following is the text of a statement issued by the Board of Governors of the Federal Reserve System, regarding new fee schedules for definitive securities safekeeping and noncash collection services:

The Federal Reserve Board has approved fee schedules for definitive securities safekeeping and noncash collection services, effective October 27, 1983.

Both definitive securities safekeeping and noncash collection are components of the Federal Reserve's securities service. Definitive securities safekeeping consists of vault storage, primarily of municipal and corporate securities. Noncash collection provides a payments mechanism designed to collect items that cannot be processed through normal check collection channels. These two services are interrelated, as a large portion of bonds and coupons collected by the Federal Reserve Banks are derived from securities held by them in safekeeping. In accordance with the Monetary Control Act, the Federal Reserve began pricing these services in October 1981.

In June 1983, the Board proposed, for public comment, revisions of Federal Reserve fee schedules for definitive securities safekeeping and noncash collection services. Following review of public comment and further staff analysis, the Board approved the proposed changes to the fee structures. Some of the prices proposed in June were modified. The new fee schedules are attached.

The revisions to the definitive securities safekeeping service include — as proposed — the elimination of the account switch and bond redemption fees and a differentiation in account maintenance fees based on the number of receipts or issues held in an account.

The changes to the noncash collection service include adding an out-of-district component to the coupon collection fee and converting the bond collection charge from a per-item to a per-transaction fee. The out-of-district fee is a surcharge for coupons payable outside of the Federal Reserve District in which they are deposited for collection.

In addition, the Board made the following statement with regard to the future role of the Federal Reserve in the provision of these services:

The Board believes that a continued Federal Reserve presence in these services provides important benefits to the public as well as depository institutions. First, the System provides a safe and efficient

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means for the collection of noncash items. Federal Reserve participation in this area contributes to the efficiency of the payments mechanism by reducing circuitous routing of noncash items, providing better availability, and reducing overall societal resources devoted to the collection of noncash items. These benefits are similar to those obtained by continued Federal Reserve participation in the check collection system. Continued involvement in securities safekeeping also contributes to the efficiency of the payments mechanism since the organization that safekeeps the securities typically also collects the coupons and the matured securities. Second, the System is able to serve as an impartial alternative supplier of services to financial institutions. The System prices explicitly in a highly imperfect market where the true cost of services is difficult to discern. System presence, with explicit pricing, has resulted in a more competitive marketplace as other providers have responded in kind to System pricing and product initiative. Finally, continued System presence in both services enables the Reserve Banks to offer all depository institutions a wide range of services, thereby simplifying accounting and recordkeeping.

Further, with regard to the suggestions of several respondents that the noncash collection service be improved, Reserve Banks have begun accepting for collection coupons payable by non-autocharge paying agents. To support immobilization of bearer definitive securities, several Reserve Banks have entered into custodial arrangements with depository institutions. It is expected that these custodial arrangements will be offered to any depository institution meeting established eligibility criteria.

Enclosed is a copy of the fee schedules, effective October 27, 1983. Questions thereon may be directed to Carol W. Barrett, Assistant Vice President, Government Bond and Safekeeping Function.

ANTHONY M. SOLOMON,  
*President.*

1983 Prices

	Definitive Safekeeping				Noncash Collection				
	Deposits (per trans- action)	Withdrawals (per trans- action)	Maintenance <sup>1/</sup> Per Receipt		Purchases and Sales (per trans- action)	Bond Collection (per trans- action)	Local Coupon (per envelope)	Inter District Coupon (per envelope)	Per \$1,000 Coupon Value
			1-399	400+					
BOSTON	12.50	12.50	2.80	2.10	15.00	12.50	2.00	2.55	1.00
NEW YORK	35.50	35.50	5.35	4.75	23.00	35.50	2.50	2.75	.50
PHILADELPHIA	15.00	15.00	3.00	2.00	19.00	15.00	2.90 <sup>3/</sup>	2.55	1.00
CLEVELAND	15.00	15.00	2.25	1.75	25.00	15.00	3.00	2.50	.50
RICHMOND	15.00	15.00	1.50	1.00	20.00	20.00	2.00	2.50	1.00
ATLANTA	See Note <sup>2/</sup> Below				N.A.	7.50	1.40	2.55	.75
CHICAGO	11.00	11.00	3.00	2.75	19.00	11.00	2.50	2.75	.70
DETROIT	11.00	11.00	2.00	1.75	19.00	11.00	2.50	2.60	1.00
ST. LOUIS	8.00	8.00	1.25	.90	N.A.	10.00	2.00	2.35	.75
MINNEAPOLIS	8.00	8.00	1.40	.75	10.00	8.00	2.50	2.70	.60
KANSAS CITY	15.00	15.00	1.50	1.25	20.00	15.00	3.20 <sup>4/</sup>	2.50	1.00
DALLAS	10.00	10.00	2.75	2.50	26.50	15.00	2.10	2.55	1.00
SAN FRANCISCO	N.A.	N.A.	N.A.	N.A.	23.50	35.50	4.00	N.A.	1.00

N.A. Not applicable

<sup>1/</sup> Maintenance is generally priced on a per-receipt basis except in New York, Cleveland, and Minneapolis where it is priced on a per-issue basis.

<sup>2/</sup> The Federal Reserve Bank of Atlanta will continue its current prices under an experimental pricing structure. Additional information may be obtained from any Office in the Atlanta District.

<sup>3/</sup> The Federal Reserve Bank of Philadelphia also offers a fixed service contract option on coupon collection. Additional information may be obtained from the Reserve Bank.

<sup>4/</sup> The Federal Reserve Bank of Kansas City offers a municipal coupon collection option. Additional information may be obtained from any Office in the Tenth District.