

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. 9722  
August 28, 1984 ]

**REVISED INTERTERRITORY RETURN ITEM PROCEDURES**

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

As part of the Federal Reserve System's program to reduce check float, each Reserve Bank defers credit for interterritory return items for one day longer than for intraterritory return items.

For purposes of credit availability for items returned to our Head Office or Cranford, Jericho, or Utica Office, this Bank has considered items being returned to senders located in the area served by those offices to be intraterritory return items, and items being returned through those offices to senders located in the area served by the Buffalo Branch to be interterritory. A review of our first year's experience with this arrangement reveals that approximately \$5 million in daily average return item float is still being generated from the current availability practice. In keeping with the Federal Reserve's efforts to reduce check float, we are implementing a change to eliminate this return item float.

Starting October 1, 1984, each area served by a Second District check processing office will be considered a separate territory for return item credit availability purposes. To obtain the earliest credit availability for items being returned to a sender located in the area served by the Head Office, the Buffalo Branch, or the Jericho, Cranford, or Utica Office, a paying institution must sort the items according to the office that serves that sender. Thus, a return item cash letter containing items for senders served by all five offices would have to be sorted into five separate letters. The separately sorted return items may be deposited directly at the office serving the sender, or may be deposited by the applicable cut-off hour at any Second District office for transshipment. For example, an institution in the Head Office territory returning an item to a depository institution served by the Cranford Office (Routing Symbols 0212 and 2212) may deposit the return item by 10:00 p.m. at the Head Office separately sorted for shipment to the Cranford Office for next-day credit availability, subject to any delays in transportation.

The additional sorting by the paying institution will permit us to return these items faster and will help depository institutions in making credit available to their depositors. Of course, you still have the option of not sorting the return items and receiving credit availability one day later for all your return items.

(OVER)

Enclosed is a copy of the Eighth Supplement to Operating Circular No. 4, which incorporates the foregoing procedural change. Questions regarding these revised procedures may be directed to your Account Manager (Tel. No. 212-791-6600), or to one of the following persons:

*At our Head Office*

John F. Sobala, Assistant Vice President (Tel. No. 212-791-5997).

*At our Cranford Office*

Fred A. Denesevich, Regional Manager (Tel. No. 201-272-9000).

*At our Jericho Office*

Anthony N. Sagliano, Regional Manager (Tel. No. 516-997-4500).

*At our Utica Office*

Harry Curth, Regional Manager (Tel. No. 315-736-8321).

*At our Buffalo Branch*

David P. Schwarzmuller, Operations Officer (Tel. No. 716-849-5018).

ANTHONY M. SOLOMON,  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Eighth Supplement to  
Operating Circular No. 4  
(Revised effective November 13, 1980)  
Effective October 1, 1984 ]

**COLLECTION OF CASH ITEMS**

**Availability for Returned Items**

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

Operating Circular No. 4 has been amended as follows:

1. Paragraph B.4(b) of Appendix D, entitled "Immediate Settlement Agreement and Correspondent Authorization," as amended by the Sixth Supplement to Operating Circular No. 4, is further amended to read as follows:

*B. Immediate Settlement Agreement*

\* \* \*

4. \* \* \*

(b) *Items returned to Head Office or to Cranford, Jericho, or Utica Office.* Reserve Bank gives credit on Reserve Bank's next following banking day for items in a cash letter containing only return items that have been separately sorted for senders served by the receiving office, if the items are received prior to 12:00 midnight of a banking day for Reserve Bank. Reserve Bank also gives credit on Reserve Bank's next following banking day for items in cash letters containing only return items that have been separately sorted for the Head Office, the Buffalo Branch, and the Cranford, Jericho and Utica Offices, if the items are received on a banking day for Reserve Bank prior to a cutoff hour for transshipment to the office that serves the sender. Reserve Bank gives credit on Reserve Bank's second banking day following receipt for items in a cash letter containing any interterritory return items or any intraterritory return items unsorted by office, if the items are received prior to 12:00 midnight of a banking day for Reserve Bank. Items in a cash letter containing any interterritory return items or any intraterritory return items unsorted by office received at the Head Office on Friday prior to 12:00 noon, however, are credited on Reserve Bank's next following banking day.

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2. The Paying Bank Agreement set forth in paragraphs 6(b) and (c) of Appendix F, entitled "Manhattan, Bronx and Brooklyn ("MB&B") Collection Arrangement," and paragraphs 6(b) and (c) of Appendix G, entitled "Thrift Institution Collection Arrangement" ("TICA"), as amended by the Sixth Supplement to Operating Circular No. 4, are further amended to read as follows:

(b) For items in a cash letter containing only return items that have been separately sorted for senders served by the Head Office, on the Reserve Bank's banking day next following the day Reserve Bank receives the return items. For items in cash letters containing only return items that have been separately sorted for the Buffalo Branch and the Cranford, Jericho and Utica Offices (if the items are received on a banking day for Reserve Bank prior to a cutoff hour for transshipment to the office that serves the sender), also on the Reserve Bank's banking day next following the day Reserve Bank receives the return items.

(c) For items in a cash letter containing any interterritory return items or any intraterritory return items unsorted by office, on the Reserve Bank's second banking day following the day Reserve Bank receives the return items. Interterritory return items or intraterritory return items unsorted by office received at the Head Office on Friday prior to 12:00 noon, however, are credited on Reserve Bank's next following banking day.

ANTHONY M. SOLOMON,  
*President.*