

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. **10664**]
[October 27, 1993]

CURRENCY AND COIN

Revision of Operating Circular No. 3, Effective November 1, 1993

*To All Depository Institutions, Branches and Agencies of Foreign
Banks, and Others Concerned, in the Second Federal Reserve District:*

Enclosed is a copy of this Bank's Operating Circular No. 3, revised effective November 1, 1993, which describes and clarifies policies and procedures for using currency and coin processing services. This operating circular incorporates changes related to (a) this Bank's East Rutherford Operations Center (EROC), which now houses the Bank's Head Office cash operations in a new state-of-the-art automated materials-handling and high security environment, and (b) changes in the risk environment in which we all operate.

Please pay particular attention to the deposit preparation requirements. For example, depository institutions should count and deposit currency portrait-side up. Properly prepared currency deposits benefit both the depository institution and the Bank in terms of efficiency and control, and these requirements will be enforced. The circular also includes new guidelines which should provide assistance to depository institutions in their armored carrier selection process.

As announced in our Circular No. 10651, dated August 23, 1993, the Bank's Early Credit/Late Debit Program is scheduled to be discontinued on December 15, 1993. In this regard, all references to the Early Credit/Late Debit Program have been deleted from the revised operating circular. No additional participants in this Program will be accepted. All depository institutions that currently participate should follow the rules set forth in the previous edition of the operating circular until December 15.

Listed below are other major changes reflected in this revision of Operating Circular No. 3:

(a) *Service eligibility* —

- The definition of a depository institution's authorized offices is provided (page 1).

(b) *Currency packaging standards* —

- Deposit standards are revised based on the frequency and aggregate amount of cash deposited or ordered (paragraphs 8 and 31).
- Bundle front cards are no longer required nor supplied (paragraph 9).
- Deposit compliance standards are mandatory (paragraph 10).
- New restrictions on currency which requires "special handling" are provided (paragraph 15).
- Instructions on how to handle contaminated currency are provided (paragraph 16).

(OVER)

(c) *Armored Carrier Information* —

- Armored carrier access requirements are provided (Appendix E).

(d) *Services* —

- A description of a new next-day service for depository institutions that order currency in standard increments is provided (paragraph 31).
- An application for requesting cash services and/or amending existing services is provided (Appendix F).
- New adjustment procedures for the \$1 and \$5 denominations are provided (paragraph 13).

If you have any questions about our cash services or the provisions of this operating circular, please contact your Account Manager or one of the following individuals:

EROC

Thomas J. Lawler, Manager (Tel. No. 201-531-3270).

Flora Santostefano, Staff Director, Currency Services Staff (Tel. No. 201-531-3265)

Buffalo Branch

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

Joseph M. Kirby, Chief, Cash Division (Tel. No. 716-849-5026)

WILLIAM J. McDONOUGH,
President.