

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 5582]
December 1, 1964]

Collection of Items Requiring Special Handling as Noncash Items

*To the Member and Nonmember Clearing Banks of the
Second Federal Reserve District:*

In our Circular No. 5478, dated April 6, 1964, we informed you that, effective January 1, 1965, the Federal Reserve Banks will classify all envelope drafts, checks with vouchers attached, and other checks and drafts containing more than a single thickness of card or paper as items requiring special handling which must be sent to the Federal Reserve offices as noncash items. We further informed you that, on and after such effective date, if items requiring special handling are sent to a Federal Reserve office as cash items, rather than as noncash items, such items will be handled in the following manner:

(a) Items of \$1,000 or more received from banks located outside the city of the receiving Federal Reserve office will be charged back and entered for collection as noncash items; and

(b) All other items will be charged back and returned.

Because this change in Federal Reserve collection practices is to occur on January 1, 1965, we bring it to your attention again. As we stated in our earlier circular, the change is being made by the Federal Reserve Banks in order to improve the efficiency of the check collection system in view of the increasing volume of items being processed by banks on high-speed check-handling equipment. We believe this action will be welcomed by commercial banks generally as a further constructive step that should prove mutually beneficial in minimizing the operating problems caused by handling "headache" items as cash items. We again ask your cooperation in excluding from cash item channels all items requiring special handling.

ALFRED HAYES,
President.