

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7420]
[July 15, 1974]

COLLECTION OF NONCASH ITEMS

Handling of Certain Noncash Items To Be Discontinued

*To the Member Banks of the Second Federal
Reserve District, and Others Concerned:*

Effective January 1, 1975, Federal Reserve Banks will no longer handle for collection certain kinds of noncash items, including notes, certificates of deposit, and drafts and bankers' acceptances other than those payable by, at, or through depositors in a Federal Reserve Bank. We are notifying you of this change in service prior to the effective date in order to enable you to make other arrangements in the interim to handle these items.

Specifically, beginning January 1, 1975, this Bank, including its Buffalo Branch, will not handle maturing notes, certificates of deposit, acceptances, or bankers' acceptances drawn upon nonmember banks and nonbank payors. We will continue to handle maturing acceptances and bankers' acceptances if drawn upon a depositor in a Federal Reserve Bank.

The provisions relating to the circumstances under which this Bank will handle any check collectible at par or other demand item that would ordinarily be handled as a cash item, as stated in our Operating Circular No. 8, "Collection of Noncash Items," Revised effective September 1, 1967 (as amended by the First and Second Supplements thereto, dated April 28, 1969 and April 1, 1972, respectively) will remain unchanged. Other demand items (including bills of exchange and drafts with securities, bills of lading, or other documents attached, and drafts and orders on savings deposits with passbooks attached) that are not collectible as cash items will not be handled by this Bank unless such demand items are drawn upon a depositor in a Federal Reserve Bank.

This change in collection service is a result of a recent study indicating that the volume of noncash items collected by the Federal Reserve Banks has declined substantially in recent years. In addition, the Reserve Banks' handling of these items as collecting agents involves a duplication of records and of document preparation; they could be handled more expeditiously if the items were sent directly to the paying agents. In order to handle such noncash items on and after January 1, 1975, you may wish to send them directly to the paying agents or to correspondent banks.

Prior to December 31, 1974, we will send you a copy of a revised Operating Circular No. 8 reflecting these changes, effective January 1, 1975.

If you have any questions concerning these changes, please contact Karen J. Bopp, Manager, Collection Department, at our Head Office (Telephone No. 212-791-5079) or Gary S. Weintraub, Assistant Cashier, at our Buffalo Branch (Telephone No. 716-853-1700, Ext. 203).

ALFRED HAYES,
President.