

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7527]
[December 16, 1974]

COLLECTION OF NONCASH ITEMS
Revision of Operating Circular No. 8

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

Enclosed is a copy of Operating Circular No. 8, "Collection of Noncash Items," Revised effective January 1, 1975.

The operating circular has been revised to reflect a change in collection services offered by Federal Reserve Banks, as set forth in our Circular No. 7420, dated July 15, 1974. Effective January 1, 1975, Federal Reserve Banks will no longer handle for collection (1) certain kinds of noncash items, including notes and certificates of deposit, and (2) drafts, acceptances, and bankers' acceptances unless such items are drawn upon depositors in a Federal Reserve Bank. Accordingly, the operating circular has been revised in the following major respects:

(1) Paragraph 3(a)(i), on time items handled by this Bank as noncash items, has been amended to reflect the discontinuance of the handling for collection of notes and certificates of deposit. In addition, acceptances and bankers' acceptances will no longer be handled unless such items are drawn upon depositors in a Federal Reserve Bank. Paragraph 3(a)(ii) remains unchanged.

(2) Paragraph 3(c), on demand items handled by this Bank as noncash items, has been amended to reflect the discontinuance of the handling for collection of drafts not payable by or through a bank. This Bank will handle a demand item that is not collectible as a cash item only if it is drawn upon a depositor in a Federal Reserve Bank. Such items include, but are not limited to, (a) bills of exchange and drafts with securities, bills of lading, or other documents attached, and (b) drafts and orders on savings deposits with passbooks attached.

(3) Paragraph 5, on items which will not be handled as noncash items, has been amended to reflect the discontinuance of the handling for collection of notes or certificates of deposit. It has also been amended to provide that this Bank will no longer handle for collection a draft, whether or not it is accepted, that is not drawn upon a depositor in a Federal Reserve Bank.

(4) Paragraphs 34 and 35, on availability of credit for the proceeds of noncash items, have been amended to reflect the discontinuance of the handling for collection of bankers' acceptances that are not drawn upon depositors in a Federal Reserve Bank, and certificates of deposit.

(OVER)

In addition, the following changes, also effective January 1, 1975, are reflected in the revised operating circular:

(a) Paragraph 3(b)(iv) has been amended to provide that non-amount encoded checks will be handled as noncash items;

(b) Paragraph 28 has been amended to increase the minimum dollar amount, with respect to uniform instructions regarding the protest of noncash items, from \$1,000 to \$2,500; and

(c) References to "Treasurer of the United States" in paragraph 29 and Appendix A have been changed to "United States Treasury," in order to reflect a recent reorganization of the Fiscal Service of the Treasury Department.

Additional copies of the enclosure will be furnished upon request.

ALFRED HAYES,
President.

FEDERAL RESERVE BANK
OF NEW YORK

[Operating Circular No. 8
[Revised effective January 1, 1975]

COLLECTION OF NONCASH ITEMS

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

1. Regulation J of the Board of Governors of the Federal Reserve System (hereinafter referred to as Regulation J) and this operating circular prescribe the terms and conditions upon which we will handle noncash items for collection. This operating circular is issued pursuant to the provisions of Sections 4, 13, 14(e), and 16 of the Federal Reserve Act and the provisions of related statutes and in conformity with the provisions of Regulation J. All terms defined in Regulation J and used herein have the meanings stated in that regulation.

2. Unless otherwise stated, all references to the Federal Reserve Bank of New York, or "this Bank," will include the Head Office and its Buffalo Branch.

Items which will be handled as noncash items

3. Except as otherwise provided by this operating circular, this Bank will receive for handling as noncash items in accordance with and subject to the provisions of Regulation J and of this operating circular, the following items which are payable in any Federal Reserve District:¹

Time items

(a) Any evidence of indebtedness or order to pay which is not payable on demand and which we may be willing to accept as a noncash item, including but not limited to:

(i) Maturing acceptances and bankers' acceptances drawn upon depositors in a Federal Reserve Bank.

(ii) Maturing bonds, debentures, coupons, and other similar securities (other than obligations of the United States and its agencies or instrumentalities and of certain international organizations²).

¹ For the purposes of this operating circular, the Virgin Islands and Puerto Rico shall be deemed to be in or of the Second Federal Reserve District; and Guam and American Samoa shall be deemed to be in or of the Twelfth Federal Reserve District. See Regulation J, note 1.

² Obligations, including coupons of the United States and its agencies or instrumentalities and of certain international organizations, when received by us for collection, are paid by us as fiscal agent of the United States, of the international organization, or of the agency or instrumentality. Provisions governing the payment of such coupons are contained in Appendix B of this operating circular.

Demand items

(b) Any check collectible at par or other demand item which would ordinarily be handled as a cash item

(i) If a passbook, certificate, or any other document is attached to the item; or

(ii) If special instructions, including requests for special advice of payment or dishonor, accompany the item; or special conditions require that the item not be handled as a cash item, and this Bank shall decide whether such special conditions exist; or

(iii) If the item consists of more than a single thickness of paper, except as provided in paragraphs 43 and 44 of this operating circular; *provided, however*, that any mutilated, erroneously encoded, or other item contained in a carrier qualifying under existing standards for handling by high-speed check-processing equipment will be handled by us as a cash item; or

(iv) If the item has not been preprinted, or post-encoded before its receipt by us, with (1) the routing symbol and the suffix of the A.B.A. routing transit number of the paying bank (or nonbank payor), and (2) the dollar amount of the item, in magnetic ink in E-13B type in the manner prescribed, and at the location assigned by the A.B.A.; *provided, however*, that this Bank will handle such items as cash items when, in our judgment, special circumstances justify such handling.

(c) Any other demand item drawn upon a depositor in a Federal Reserve Bank which is not collectible as a cash item, including, but not limited to³:

(i) Bills of exchange and drafts with securities, bills of lading, or other documents attached.

(ii) Drafts and orders on savings deposits with passbooks attached.

4. Whenever any instrument is accepted by us for credit to our own account, the account of another Federal Reserve Bank, or any account on our books, we will handle the instrument as a noncash item if it would have been a noncash item but for the fact that it was not sent to us by a sender.

Items which will not be handled as noncash items

5. This Bank will not handle as a noncash item any item described in paragraph 3 of this operating circular if

(a) The item is not a check and is payable in the same community in which an office of the sender is located; or

(b) The item is payable by or through one office of the sender and has been received from another office of the same sender; or

³ Provisions governing the collection of payment vouchers on letters of credit for Government grants and contributions are contained in Appendix A of this operating circular.

(c) The item is a Government check, postal money order (United States postal money order, United States international postal money order, domestic-international postal money order), food coupon, or food certificate; or

(d) The item is a check and cannot be collected at par; or

(e) The item has previously been dishonored more than twice; or

(f) The item is a note or certificate of deposit; or

(g) The item is a draft, whether or not it is accepted, which is not drawn upon a depositor in a Federal Reserve Bank.

6. Except as provided in paragraph 41 hereof, time items will not be handled by this Bank more than 30 days prior to their maturity.

Direct routing to other Federal Reserve Districts

7. Senders which maintain or use accounts with us are authorized to send, for our account, noncash items payable in other Federal Reserve Districts direct to the Federal Reserve Banks and Branches of the Districts in which the items are payable. Since direct sending of such items expedites handling by Federal Reserve offices and is of advantage to senders, senders are urged to send such items direct whenever feasible.

8. This Bank reserves the right to require any sender which maintains or uses an account with us and which has a substantial volume of noncash items payable in any other Federal Reserve District to send such items direct to the Federal Reserve Bank of the District in which the items are payable; and this Bank will not accept such items from such sender.

Direct sending of noncash items to other office of this Bank

9. Member banks and other senders maintaining or using accounts with the Head Office or Buffalo Branch of this Bank are authorized to send noncash items payable in the territory of the other such office of this Bank direct to such other office.

10. This Bank reserves the right to require any sender which maintains or uses an account with the Head Office or Buffalo Branch of this Bank and which has a substantial volume of noncash items payable in the territory of the other such office of this Bank to send such items direct to such other office; and this Bank will not accept such items from such sender unless the items are sent direct.

Terms and conditions of collection

11. Regulation J prescribes terms and conditions under which all Federal Reserve Banks will collect noncash items for the senders thereof. Such terms and conditions and the terms and conditions of this operating circular will apply to the handling of all noncash items which we accept for collection. The terms and conditions of Regula-

tion J and of our Operating Circular No. 4 will apply to the handling of bank drafts and other forms of payment or remittance which we receive for such items and elect to handle as cash items; and the terms and conditions of Regulation J and of this operating circular will apply to the handling of bank drafts and other forms of payment or remittance which we receive for such items and elect to handle as noncash items.

12. Section 210.3 of Regulation J provides that the provisions of that regulation and of the operating circulars of the Federal Reserve Banks shall be binding upon the sender of a noncash item and shall be binding upon each collecting bank, paying bank, and nonbank payor to which the Federal Reserve Bank, or any subsequent collecting bank, presents, sends, or forwards a noncash item received by the Federal Reserve Bank. Section 210.16 of Regulation J provides that each Federal Reserve Bank shall issue operating circulars not inconsistent with the provisions of that regulation governing the details of its operations in the handling of noncash items and containing such other matters as are required by the provisions of that regulation.

13. A noncash item payable in any other Federal Reserve District and forwarded for collection to the Federal Reserve Bank of such other District by us or sent direct to such Federal Reserve Bank for our account by a sender which maintains or uses an account with us will be handled by such Federal Reserve Bank subject to the terms and conditions of Regulation J and of the applicable operating circulars of such Federal Reserve Bank; but we will give credit to the sender for such item in accordance with this operating circular.

14. We reserve the right to classify noncash items and to require deposits in separate collection letters of such noncash items as we may deem appropriate.

15. Except as provided in paragraph 16 of this operating circular, this Bank will handle all noncash items subject to the following instruction: "Do not hold after maturity or for convenience of payer"; any contrary instruction in the collection letter or otherwise will be disregarded; and this Bank reserves the right, without prior notice to the sender, to recall any noncash item and return it to the sender whenever, in the judgment of this Bank, such item is being held contrary to such instruction.

Presentment for payment

16. In the absence of specific instructions to the contrary, this Bank or any subsequent collecting bank may present to the paying bank (or nonbank payor) for payment, or send for presentment to the paying bank (or nonbank payor) for payment, any bond, coupon, debenture, or other similar security with the understanding that payment may be deferred without dishonor pending reasonable examination to determine whether the security is properly payable, but that payment shall be made or the security returned in any event before

the close of the paying bank's (or nonbank payor's) business day next following the day of maturity or presentment, whichever is later.

17. As contemplated by Section 210.7 of Regulation J, any non-cash item may be presented for payment by a Federal Reserve Bank or a subsequent collecting bank, may be sent by a Federal Reserve Bank or a subsequent collecting bank for presentment and payment, or may be forwarded by a Federal Reserve Bank to a subsequent collecting bank with authority to present it for payment or to send it for presentment and payment.

18. Neither this Bank nor any subsequent collecting bank undertakes to present noncash items which are time items on the maturity date unless such items are received by us sufficiently in advance of the maturity date to permit timely presentment by us to the paying bank (or nonbank payor) or forwarding to the subsequent collecting bank for such presentment, utilizing the means which we normally utilize for that purpose.

Endorsements

19. All noncash items other than bonds, coupons, debentures, and other similar securities sent to us, or to another Federal Reserve Bank direct for our account, should be endorsed without restriction to, or to the order of, the Federal Reserve Bank to which sent, or endorsed to, or to the order of, any bank, banker, or trust company, or endorsed with equivalent words or abbreviations thereof. The endorsement of the sender should be dated and should show the A.B.A. routing number of the sender, if any, in prominent type on both sides of the endorsement.

20. In the event a noncash item other than a bond, coupon, debenture, or other similar security is received by a Federal Reserve Bank from a sender without the endorsement thereon of such sender, the Federal Reserve Bank may present, send, or forward the item as if it bore such endorsement, or place on the item the name of such sender and the date of its receipt by the Federal Reserve Bank, or return the item to the sender for proper endorsement by the sender. This Bank makes the warranties stated in Section 210.6(b) of Regulation J by presenting, sending, or forwarding a noncash item or an instrument which it handles as a noncash item pursuant to paragraph 4 of this operating circular. These warranties arise whether or not such item bears the endorsement of this Bank.

Preparation of collection letters by senders

General

21. Except as provided in paragraphs 23, 25, and 27 of this operating circular, noncash items forwarded for collection and credit when paid should be transmitted with a separate collection letter different in form from that in which cash items are listed. The

accompanying collection letter should include the collection number assigned to the item by the sender; a description of the item; the name of the paying bank or nonbank payor of the item; the place of payment, the maturity, and the amount of the item; and any special instructions with respect to the item. If documents are attached to the item, they must be clearly and adequately identified in the accompanying collection letter.

22. Any special instructions as to handling, including instructions as to protest and advice of payment or nonpayment, should be incorporated in the collection letter. Except as otherwise provided in paragraphs 28 and 29 of this operating circular, special instructions noted on or attached to the noncash items themselves and not supported by like instructions in the collection letter will be disregarded.

Coupons and other securities sent for collection

23. Senders are requested to separate bonds, debentures, coupons, and other similar securities that they send to our Head Office for collection into the following classes, with a separate totaled letter for each class:

(a) *Country Collection Letter* — Bonds, debentures, coupons, and other similar securities payable outside New York City for which credit will be given upon receipt by us of payment in actually and finally collected funds.

(b) *City Collection Letter* — Bonds, debentures, coupons, and other similar securities payable in New York City for which credit will be given upon receipt by us of payment in actually and finally collected funds.

(c) *City Coupon Cash Letter* — Coupons payable in New York City for which credit, subject to payment in actually and finally collected funds, is desired.

A totaled letter containing only coupons payable in New York City will be treated as a city coupon cash letter unless it indicates that credit is desired only upon receipt by us of payment in actually and finally collected funds.

24. Senders are urged to send bonds, debentures, coupons, and other similar securities payable by any one of several paying agents direct to the Federal Reserve Bank of the District in which the paying agent nearest to the sender is located.

Coupons

25. Coupons sent to us for collection should be enclosed in separate envelopes according to issue. The name of the sender, the name of its depositor, the sender's collection number, and a complete description of the coupons enclosed, including the name of the paying agent thereof, should be visible on or through each envelope containing coupons. Such envelopes should be separately listed and described (either by issue or collection number) on the totaled collection letter of the sender.

26. Before sending coupons to this Bank for collection, senders should ascertain whether ownership certificates are required to be

attached thereto by law or by the issuer of such coupons. If so required, the appropriate ownership certificate forms should be attached to the coupons sent to us for collection.

27. *Other securities.* Securities other than coupons sent to us for collection should be sorted according to issue, should be accompanied by the same information as accompanies coupons sent for collection, and should also be listed and described on the sender's totaled collection letter in the same manner as coupons sent for collection, as provided in paragraph 25 hereof.

Uniform instructions regarding protest and advice of nonpayment

28. In the absence of specific instructions to the contrary in the sender's collection letter and except as provided in paragraph 29 hereof, this Bank will receive, handle, and forward noncash items subject to the following uniform instructions regarding protest:

(a) PROTEST any dishonored item of \$2,500 or over, except a bond, debenture, coupon, or other similar security:

(i) which appears on its face to have been drawn at a place which is not within any State⁴, unless it bears on its face the A.B.A. no-protest symbol of a Federal Reserve Bank or of a preceding bank endorser, or

(ii) which bears on its face the legend, "PROTEST REQUIRED," of a Federal Reserve Bank or of a preceding bank endorser.

(b) DO NOT PROTEST:

(i) any item of less than \$2,500, or

(ii) any item of \$2,500 or over unless it is protestable under subparagraph (a).

29. DO NOT PROTEST AND DO NOT WIRE ADVICE⁵ of nonpayment of any check handled as a noncash item, regardless of amount, endorsed by the United States Treasury, or endorsed for credit to the United States Treasury, or bearing on its face or in an endorsement the legend "This check is in payment of an obligation to the United States and must be paid at par. N.P. Do not wire nonpayment" or words of similar import.

30. The paying bank, if any, shall be responsible for making or providing for any protest of a noncash item protestable under the provisions of this operating circular, except as may be otherwise provided by the rules or practices of any clearing house through which the item was presented or by agreement between this Bank and the paying bank.

⁴ The term "State" is defined in Section 210.2(n) of Regulation J to mean any State of the United States, the District of Columbia, or Puerto Rico, or any territory, possession, or dependency of the United States.

⁵ For the purposes of this operating circular, the term "wire" includes telephone, telegraph, cable, or other form of electronic communications.

If there is no paying bank, the responsibility shall be that of the subsequent collecting bank, if any, except as may be otherwise provided by applicable clearing house rules or practices or by agreement between this Bank and such collecting bank. If there is no paying bank or subsequent collecting bank, this Bank will make or provide for any necessary protest.

31. This Bank shall have no responsibility for determining whether another bank responsible therefor has (a) made or provided for the protest of any dishonored noncash item in accordance with specific instructions in the sender's collection letter or in accordance with the provisions of this operating circular or (b) given any wire advice requested with respect to any noncash item.

Communications concerning noncash items

32. When instructed to do so by a sender, this Bank will give wire⁶ advice of credit to such sender without charge for any noncash item in an amount of \$1,000 or over; if, when instructed to do so by a sender, this Bank gives wire advice of credit for any noncash item in an amount of less than \$1,000, a \$1.50 service charge will be made against the sender's account. No charge will be made for wire advices of nonpayment or for messages pertaining to tracing noncash items.

Requesting wire advice

33. The term listed below, when used in instructions, advices, or communications, will be understood to have the meaning indicated as follows:

"WIRE FATE" when wire advice of credit or wire advice of nonpayment is desired. A wire advice of credit message indicates that a credit has been posted to the reserve or other account of the sender of the item; with respect to a bankers' acceptance drawn upon a depositor in a Federal Reserve Bank, however, when a Federal Reserve Bank gives wire advice of credit, it does not necessarily imply that actually and finally collected funds are in its possession.

A Federal Reserve Bank will have no responsibility for any other instruction given by a sender regarding wire advice of credit or wire advice of nonpayment.

34. Except as hereinafter provided with respect to bankers' acceptances drawn upon depositors in a Federal Reserve Bank and due and past due coupons, credit for the proceeds of noncash items, with the usual advice, will be given as directed in a reserve account, or other appropriate account, upon receipt by this Bank of payment in actually and finally collected funds or upon receipt of advice from another Federal Reserve Bank of such payment.

⁶ See footnote 5 for the definition of the term "wire."

35. Credit for bankers' acceptances drawn upon depositors in a Federal Reserve Bank will be given, subject to payment in actually and finally collected funds, in accordance with the following schedule, if received by this Bank sufficiently in advance to permit forwarding in time to reach the place of payment at least one banking day before maturity:

| <i>Place payable</i> | <i>Credit available</i> |
|---|--------------------------------|
| Federal Reserve Bank or Branch cities | On maturity date |
| Elsewhere | One banking day after maturity |

36. Credit for due and past due coupons payable in New York City and listed to our Head Office in a separate totaled city coupon cash letter will be given, subject to payment in actually and finally collected funds, one banking day after receipt if received by us by 9 a.m., or two banking days after receipt if received by us after 9 a.m.

Collection charges

37. Except as hereinafter provided, the Federal Reserve Banks make no charge for their services in collecting noncash items. However, it is recognized that any other bank acting as agent to collect any such item renders a service in presenting, collecting, and remitting, for which a reasonable charge may be made if it cares to do so; and when such a charge is made, and deducted from the payment or remittance received by us for the item, we will give credit to the sender for the net proceeds.

38. No charge may be made by a paying bank or collecting bank in connection with the collection or payment of any check that may be handled as a noncash item; *provided, however*, that a collecting bank or paying bank may make a collection charge in connection with such item if such charge reflects expenses actually incurred by it in collecting such check as a noncash item which it would not have incurred had the check been handled as a cash item and if such charge is clearly not an exchange charge nor in the nature of a charge for payment. When such a charge is made and deducted from the payment or remittance received by us for the item, we will give credit to the sender for the net proceeds.

39. Items sent to the Federal Reserve Banks for collection are subject to the following charges:

(a) Charges made by collecting banks or paying banks referred to in the two preceding paragraphs hereof; and

(b) Charges made by the Federal Reserve Banks:

(i) A charge, at their discretion, for handling and collecting securities;

(ii) A service charge, at their discretion, of 50¢ per item on all noncash items returned unpaid and unprotested;

(iii) Postage, insurance, or express, or other transportation charges incurred in forwarding items;

- (iv) All telegraph, cable, and telephone charges; and
- (v) Protest fees.

Return of noncash items

40. A noncash item for which final payment has been received by a Federal Reserve Bank cannot be returned to a Federal Reserve Bank by a subsequent collecting bank, a paying bank, or nonbank payor for credit or refund. However, such an item may be returned to us without entry and with a request that we ask our sender to make refund therefor, in which event we will make refund to the subsequent collecting bank, paying bank, or nonbank payor, as the case may be, and charge our sender only if the latter specifically authorizes us to do so.

Noncash items to be presented for acceptance

41. This Bank will receive from senders, for presentment for acceptance, any nonaccepted noncash item which provides that it must be presented for acceptance, or which is payable elsewhere than at the residence or place of business of the drawee, or the date of payment of which depends upon presentment for acceptance, subject to the following terms and conditions:

(a) Noncash items to be presented for acceptance must be deposited by senders in a separate collection letter which states that such items are to be so presented and sets forth any other instructions of the sender, not inconsistent with the provisions of this paragraph and paragraph 42 hereof, regarding such items.

(b) A Federal Reserve Bank or a subsequent collecting bank may present any such item for acceptance in any manner authorized by law.

(c) Any subsequent collecting bank to which this Bank forwards any such item for presentment for acceptance will give us prompt notice of acceptance or refusal of the item.

(d) No Federal Reserve Bank or subsequent collecting bank shall, upon the acceptance of any such item, deliver to the drawee thereof any accompanying documents unless specifically instructed by the sender to do so.

42. A noncash item received by this Bank under paragraph 41 hereof will be presented for acceptance by us or by a subsequent collecting bank selected by us. If the item is not accepted, it will be returned to the sender; if accepted and

(a) If the item is payable 30 days or less after sight or by its terms matures 30 days or less after the receipt thereof by this Bank, the item will be held for presentment for payment by us, by the subsequent collecting bank, or by the drawee bank; or, if the sender so requests, the item will be returned to the sender; or

(b) If the item is payable more than 30 days after sight or by its terms matures more than 30 days after the receipt thereof by this Bank, the item will be returned to the sender.

Photographic copies

43. In the event we receive, as a noncash item, a properly prepared photographic copy of a lost or destroyed item which was a check or other demand item without securities, bills of lading, or other documents attached and which was eligible for handling as a non-cash item and the copy bears a current endorsement of the sender and the following legend, or one of equivalent effect, signed by or in behalf of the sender:

"This is a photographic facsimile of the original item which was endorsed by the undersigned and reported lost, stolen or destroyed while in the regular course of bank collection. All prior and any missing endorsements and the validity of this facsimile are hereby guaranteed, and upon payment hereof in lieu of the original item, the undersigned will hold each collecting bank and the payor bank harmless from any loss suffered, provided the original item is unpaid and payment is stopped thereon."

we will handle the copy as follows:

(a) We will present or send the copy, as a noncash item, to the paying bank (or nonbank payor) named on the original item, subject to all the terms and conditions of this operating circular; or

(b) If such paying bank (or nonbank payor) refuses to handle the copy, we will return the copy to the sender.

44. We will also handle as a noncash item, subject to all the terms and conditions of this operating circular, a properly prepared photographic copy of a cash item which, in accordance with paragraph 41 of our Operating Circular No. 4, we have charged back to the sender and entered for collection as a noncash item, provided that the paying bank (or nonbank payor) is willing to handle the copy as a noncash item.

Right to amend

45. The right is reserved to withdraw, add to, or amend at any time any of the provisions of this operating circular.

Effect of this circular on previous circular

46. This circular supersedes our Operating Circular No. 8, Revised effective September 1, 1967, and the First, Second, and Third Supplements thereto, dated April 28, 1969, April 1, 1972, and August 5, 1974, respectively.

ALFRED HAYES,
President.

APPENDIX A

PAYMENT VOUCHERS ON LETTERS OF CREDIT

1. Payment vouchers on letters of credit for Government grants and contributions will be handled by us as noncash items in accordance with an agreement made by the Secretary of the Treasury and by the Federal Reserve Banks as depositaries and fiscal agents of the United States.

2. As fiscal agent of the United States, we will effect payment of such vouchers by credit to the reserve or other account on our books of the sender which has forwarded the vouchers to us for payment. Simultaneously with such credit, we will debit the amount of such payment vouchers against the general account of the United States Treasury under such symbol numbers as may be assigned by the United States Treasury. At that time the payment of such payment vouchers shall become final payment as between us and the sender.

3. In the event that we do not pay any payment voucher forwarded to us for payment by a sender which maintains or uses an account with us, we will promptly advise such sender of the nonpayment thereof, by wire at the cost of the United States Treasury, and will forward such voucher and any copy thereof which may accompany it, with advice as to the reason for nonpayment, to the Treasury Department; and we will have no further obligation or further liability in respect of such payment voucher.

4. The agreement between the Secretary of the Treasury and the Federal Reserve Banks provides, in effect, that no claim for refund or otherwise with respect to any payment voucher debited against the general account of the United States Treasury shall be made against or through any Federal Reserve Bank; that, if any Federal agency makes any such claim with respect to any such payment voucher (other than a claim based on the negligence of a Federal Reserve Bank) such payment voucher will not be returned or sent to a Federal Reserve Bank, but such Federal agency will deal directly with the party against which such claim is made; and that, if any Federal Reserve Bank shall stamp or otherwise place on any payment voucher any endorsement or legend containing the words "prior endorsement guaranteed" or words of similar import, such endorsement, legend, or words will have no effect whatsoever except to identify the payment voucher as having been received by such Federal Reserve Bank.

APPENDIX B

COUPONS RECEIVED FOR PAYMENT

1. Coupons from obligations of the United States and its agencies and instrumentalities and coupons from obligations of the International Bank for Reconstruction and Development and the Inter-American Development Bank, when received by us for collection, are paid by us as fiscal agent of the United States, of the agency or instrumentality, or of the International Bank for Reconstruction and Development or the Inter-American Development Bank. We will receive such coupons in accordance with the following procedures.

2. We will receive, from senders who maintain or use accounts with us, coupons listed on schedules and enclosed in envelopes showing the name of the sender, as follows:

(a) Coupons from obligations of the United States should be enclosed in separate envelopes according to current or uncurrent interest due dates and denomination. Only coupons that bear an interest due date of February 15, May 15, June 15, August 15, November 15, or December 15 and are presented for payment on or before such interest due date or before the next such interest due date will be considered as bearing current interest due dates (for example, if a coupon bearing an interest due date of August 15, 1975 is presented not later than November 14, 1975, it should be classified as "current"); and all other coupons will be considered as bearing uncurrent interest due dates.

(b) Coupons from obligations of agencies or instrumentalities of the United States and coupons from obligations of the International Bank for Reconstruction and Development and the Inter-American Development Bank should be enclosed in separate envelopes according to issue and denomination.

The envelopes and schedules to be used for such coupons will be furnished by us upon request.

3. Ownership certificate forms, when required by law, must be attached to coupons from obligations of the United States and its agencies and instrumentalities sent to us for collection. Such forms should be obtained by the sender from the nearest District Director of Internal Revenue.

4. We will receive, from senders who maintain or use accounts with any other Federal Reserve Bank, coupons from obligations of the International Bank for Reconstruction and Development and the Inter-American Development Bank, for payment for the account of such other Federal Reserve Bank, if such coupons are listed on separate schedules and enclosed in envelopes, showing the name of the sender, according to issue and denomination.

5. Immediate credit, subject to final payment, will be given for due or past due coupons received by us for payment, in the reserve or other appropriate account, if listed in a separate totaled letter and received by us by 3 p.m. on any banking day for us.