

## A P R O P O S E D P L A N O F P R O C E D U R E .

TO BE ADOPTED BY THE FEDERAL RESERVE BOARD IN PROMOTING THE  
MATTER OF CHECK COLLECTION.

After consultation with each of the Federal Reserve Banks as to the situation in each of the Districts in respect to clearing, the Federal Reserve Board outlines the following line of procedure as the next important step in the solution of the collection and clearing system:

1. That as soon as possible; say, April 1st, or May 1st, each of the Federal Reserve Banks shall notify their member banks that they are prepared to receive checks from their members, upon any bank in their District or in other Districts, subject to the following scale of service charges, which it is hoped may be reduced in the case of checks drawn on member and assenting banks to nil.
  - (a) Checks on member banks and bearing member bank indorsements; 1¢ per item.
  - (b) Checks on assenting nonmember banks (those agreeing to remit at par) when presented and indorsed by a member bank; 1¢ per item.  
These checks may also be accepted without charge from assenting nonmember banks when remitted in settlement of checks received from the Federal Reserve Bank.
  - (c) Checks on nonassenting nonmember banks (those refusing to remit at par) a charge of one-tenth of

one per cent on the aggregate amount of all the items: Provided, however, that this charge is imposed solely to reimburse the Federal reserve bank in whole or in part for its expense of collection and is not to be paid to the remitting bank.

2. In order to assist the Federal reserve banks in every way in making these collections, the Federal reserve banks will be authorized to make use of post offices (\*), express companies, or any other agencies which they may find necessary in making the collections; provided, however, that as a matter of equity to member banks required to remit at par, no exchange charge for remitting funds shall be paid to any remitting bank. Banks which have no offsetting items to remit will be permitted, as heretofore, to remit currency at the expense of the Federal reserve bank.
3. Federal reserve banks will be requested to encourage in every possible way the direct routing of items, either by sending items on banks in other Districts to the Federal reserve banks of those Districts, or by mutual consent, or with the permission of the Federal reserve bank -

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Note (\*) - When post offices are used, under the arrangement authorized by the Postmaster General, postmasters, after having collected checks, will have the privilege of remitting either currency or a postal money order for the amount of the total funds collected, less the customary charge for the postal money order.

routing their checks direct to the bank upon whom drawn. Thus, a bank at "A", in the Seventh District, will have the privilege of sending checks drawn against a bank at "B", in the same District, and settling for these checks by a draft drawn on the bank at "B", to be sent direct to the Federal reserve bank, together with a copy of the letter listing and transmitting the items. In the same way, the bank at "B" will have the privilege of offsetting items which it receives drawn on the bank at "A".

4. For the present, the Federal Reserve Board will not promulgate any rules in respect to charges which member banks may make against their customers for checks.
5. The Federal Reserve Board will continue to issue a par list the first of every month to accompany the Bulletin, until further notice.

2/16/17.