

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

380
S-152

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1938.

Dear Sir:

The Board approves, effective January 1, 1939, the changes set forth below in the uniform paragraphs of the noncash collection circulars of the Federal Reserve banks recommended by the Standing Committee on Collections in its reports dated December 17, 1937 and September 20, 1938, as approved by the Conference of Presidents at its meetings on February 28-March 1, 1938, and October 24-25, 1938, and in the Committee's report dated May 26, 1938, as revised and approved by the Conference of Presidents at its meeting on October 24-25, 1938.

Paragraph (4) under caption "Definition of Noncash Items", as revised.
(See report of Committee dated September 20, 1938 and minutes of Presidents' Conference dated October 24-25, 1938.)

- (4) Maturing bonds and coupons (other than obligations of the United States and of Governmental agencies, which are redeemed by Federal reserve banks as fiscal agents separately from this collection service).

Paragraph (3) under caption "Terms of Collection", as revised. (See report of Committee dated December 17, 1937 and minutes of Presidents' Conference dated February 28-March 1, 1938.)

- (3) A Federal reserve bank will forward such items payable in another district for collection to the Federal reserve bank (or branch) of such other district; provided, however, that a Federal reserve bank, in its discretion, may route direct to the place of payment in another Federal reserve district any item the size or character of which, or the circumstances in connection with which, would seem, in the judgment of the Federal reserve bank, to justify such direct routing.

Paragraphs under caption "Collection Charges", as revised. (See report of Committee dated May 26, 1938 and minutes of Presidents' Conference dated October 24-25, 1938.)

The Federal reserve banks make no charge for their services in collecting non-cash items (except as provided below)

and, therefore, any item payable in a city where there is a Federal reserve bank or branch, the collection of which is not restricted, will be collected at par. If any such item is payable through or collectible by a specified bank or other collecting agent, any charge made by such agent will be deducted and the net proceeds of the item credited.

With respect to the collection of non-cash items payable outside of Federal reserve bank and branch cities, it is recognized that any bank selected by a Federal reserve bank as agent to collect any such item (except checks and bank drafts) 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, it will be deducted and credit given for the net proceeds.

Items sent to the Federal reserve banks for collection are subject to the following charges:

- (1) Charges made by collecting banks or agents, referred to above.
- (2) Charges made in the discretion of the Federal reserve banks for handling or collecting securities.
- (3) A service charge of 15¢ per item on all collection items returned unpaid and unprotested. This charge will not apply to items that are protested.
- (4) Expenses incurred for postage and insurance or express in forwarding items by registered mail or express.
- (5) All telephone and telegraph costs. (See paragraph below, "TELEGRAPHIC ADVICE".)

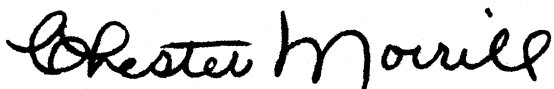
Paragraphs under caption "Direct Routing to Other Federal Reserve Districts", as revised. (See report of Committee dated December 17, 1937 and minutes of Presidents' Conference dated February 28-March 1, 1938.)

Member banks may be permitted to route collection items payable in other Federal reserve districts direct to the Federal reserve banks and branches of the districts in which the items are payable for the account of the Federal Reserve Bank

of _____, and are encouraged to apply for permission to exercise this privilege since it is of distinct advantage to them.

The Federal Reserve Bank of _____ reserves the right to require member banks to route collection items payable in other districts direct to the other Federal reserve banks and branches, when, in our judgment, in any particular case the number, amount or nature of collections handled would appear to justify such procedure.

Very truly yours,



Chester Morrill,
Secretary.

TO PRESIDENTS OF ALL FEDERAL RESERVE BANKS