

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

8-155
383

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 19, 1938.

Dear Sir:

The Board concurs in the action of the Conference of Presidents held October 24-25, 1938 in approving the following recommendations, or parts of recommendations, of the Standing Committee on Collections, contained in its report dated September 20, 1938:

"(1) Availability of Cash Items - Reduction in Number of Sorts Required of Member Banks

ITEMS PAYABLE IN OWN FEDERAL RESERVE BANK OR BRANCH CITY

That each Federal reserve bank and branch give immediate credit for items payable in own city if received in time for clearing, provided, however, that any reserve bank may give immediate credit for items payable in own city when received through the mails too late for clearing from its own country member banks."

"(3) Description of Cash Items Required of Member Banks

That each Federal reserve bank and branch accept cash items without description as to drawee banks on cash letters from its member banks and direct routing member banks of other districts, provided that each member bank desiring to avail itself of this privilege be required to make a photographic record of the face of each undescribed item sent to its Federal reserve bank or branch, or direct to another Federal reserve bank or branch, and to transmit the film containing photographs of all such items in each cash letter to the Federal reserve bank or branch to which the letter was sent with the understanding that such reserve bank or branch will return such film to the member bank after a lapse of not more than two weeks, if the member bank desires to have the film returned. The Committee sees no objection to a Federal reserve bank's permitting its own member banks to retain the films containing photographs of the checks sent to it, provided

each such member bank agrees to furnish the reserve bank upon its request with a description of all such items and to indemnify the reserve bank in case of any loss resulting from its failure to do so."

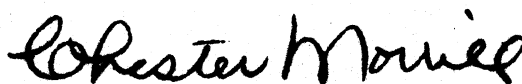
"(4) Closing Hours of Federal Reserve Banks for the Acceptance of Cash Items

That each Federal reserve bank and branch make a careful study of incoming and outgoing mail and express schedules in relation to the additional volume of items that might be received and cleared or dispatched if its closing hours were extended, with a view to adopting later closing hours for the acceptance of cash items if by doing so an appreciable volume of items could be received and collected a day earlier than at present and its expenses would not be increased to an extent incommensurate with the additional service rendered to member banks.

That the established closing hours of each Federal reserve bank and branch for the acceptance of cash items be applicable to items received from other Federal reserve banks and branches and their direct routing member banks as well as to items received from its own member banks."

With reference to the remainder of recommendation numbered (1), which was disapproved by the Conference, and recommendation numbered (2), it is noted that the Conference approved in principle the modified plan suggested by the Committee as an alternative to its recommendations regarding availability of cash items payable outside of own Federal Reserve bank or branch city, including direct sendings, but requested the Committee to give further study to the matter.

Very truly yours,



Chester Morrill,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS