

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 1, 1939.

Dear Sir:

The Committee of Counsel designated by the Chairman of the Conference of Presidents recommended to the Standing Committee on Collections on January 11, 1939:

"That means be adopted to make it clear that the 'Terms and Conditions of Collection' set forth in Section V of Regulation J and in the cash and noncash collection circulars apply to items sent by one Federal Reserve Bank to another as well as to items sent to Federal Reserve Banks by member banks and nonmember clearing banks. (A form of suggested provision for these circulars is hereto attached and marked Exhibit B.) Pending the inclusion of provisions to this end in the cash and noncash collection circulars, it is recommended that letters to this effect be exchanged between Federal Reserve Banks. (A form of suggested letter for this purpose is hereto attached and marked Exhibit C.)"

This recommendation was approved by the Standing Committee on Collections and subsequently, on March 6, 1939, was approved by the Presidents' Conference.

However, as a result of certain questions which were raised regarding this proposal the Committee of Counsel again considered the matter at a recent meeting in Washington and, on April 21, 1939, made the following recommendation to the Standing Committee on Collections:

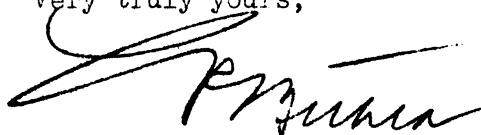
"That the proposed amendment to the cash and noncash collection circulars of the Federal Reserve banks suggested in paragraph (3) of the recommendations of the Committee of Counsel on January

11, 1939, and embodied in Exhibit B of those recommendations be not adopted but that the Federal Reserve banks exchange letters in the amended form attached hereto marked Exhibit 2."

This recommendation was considered by the Standing Committee on Collections at its meetings here on April 20-22, 1939, and it is understood that the amended form of letter was satisfactory to the Committee. While the language of the amended form of the proposed letter differs somewhat from that of the draft attached to the recommendation of January 11, 1939, these differences are largely matters of form and make no material change in the effect of the letter.

You are advised that the Board of Governors is of the opinion that the letter in the form recommended by the Committee of Counsel on April 21, 1939, a copy of which is attached hereto, is satisfactory and the Board has no suggestions to offer with reference thereto.

Very truly yours,



L. P. Bethea,
Assistant Secretary.

Enclosure.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

Letter proposed by Committee of Counsel
to be exchanged between Federal Reserve
banks

To - Federal Reserve Bank of _____
 Federal Reserve Bank of _____
 etc.

(Name all eleven Federal Reserve banks
 to which letter is addressed.)

Gentlemen:

We are writing this letter, pursuant to the recommendation of the Standing Committee on Collections of the Presidents' Conference, made after consultation with a Committee of Federal Reserve Bank Counsel at the joint meeting of such committees on January 9, January 10, and January 11, 1939, and approved by the Presidents' Conference at its meeting on March 6, 1939, to confirm our understanding and agreement with the other Federal Reserve banks that the terms and conditions of collection set forth in the regulations of the Board of Governors of the Federal Reserve System and the circulars of the Federal Reserve banks, now or hereafter in effect, relating to the collection of cash and noncash items, apply, as between Federal Reserve banks, to items sent by one Federal Reserve bank to another and also to items sent to Federal Reserve banks by member and nonmember clearing banks in other districts.

Very truly yours,

FEDERAL RESERVE BANK OF _____

By _____
 President.