

FEDERAL RESERVE BANK OF DALLAS  
DALLAS, TEXAS 75222

Circular No. 75-38  
March 20, 1975

REVISION OF BULLETIN 6

TO ALL MEMBER BANKS IN THE  
ELEVENTH FEDERAL RESERVE DISTRICT:

There is enclosed a copy of revised Bulletin 6 entitled "Transfers of Funds" which is now in effect. The related Supplement A, effective July 29, 1974, is still current.

The Bulletin has been revised in order to update all major sections and to allow for the inclusion of the Code Word Authentication Procedure.

The new Bulletin should be substituted immediately for the corresponding Bulletin dated July 29, 1974 in your binder of Bulletins and Regulations issued by this Bank. The related Supplement A, referred to above, should be retained. The superseded Bulletin should be destroyed. Questions regarding these revisions should be directed to either E. W. Vorlop, Jr. or C. L. Vick at the Head Office, or any officer at the Branches.

Sincerely yours,

T. W. Plant

First Vice President

Enclosure

**BULLETIN 6**

# **Transfers of Funds**



**FEDERAL RESERVE BANK OF DALLAS**

## SCOPE

This bulletin sets forth general information pertaining to transfers of funds through this Bank. The procedures established are designed to increase the speed and efficiency of such transactions, and they may be used, among other things, for federal funds transfers and in lieu of a draft drawn on correspondent banks to cover anticipated charges to a reserve account.

## TABLE OF CONTENTS

### Section 1, DEFINITIONS

- 1.00 Bank balance
- 1.05 Funds
- 1.10 Reference to Bulletin 1

### Section 2, TRANSFER OF FUNDS REQUESTS

- 2.00 Telephone requests
- 2.05 Persons authorized to make transfer requests
- 2.10 Transfer of bank balances for and to member banks
- 2.15 Requests for transfers from on-line member banks

### Section 3, CODE WORD AUTHENTICATION PROCEDURE

- 3.00 Purpose
- 3.05 Code word listings
- 3.10 Use of code words
- 3.15 Responsibility for confidentiality

- 3.25 Requests other than telephone

- 3.30 Member banks without code word listings

- 3.35 Emergency situations

### Section 4, TIME LIMITATIONS

- 4.00 Transfers involving only banks within a single territory

- 4.05 All other transfers

- 4.10 Requests after closing hours

### Section 5, MAIL ADVICES

- 5.00 Advice of credit

- 5.05 Advice of charge

### Section 6, CHARGE AND PAYMENT

- 6.00 Authority to charge

- 6.05 Statements of account

### Section 7, OUR LIABILITY

### Section 8, CONTRACT

**Section I, DEFINITIONS**

**1.00 Bank balance**

The term "bank balance" shall be construed to mean an accumulation of funds comprising an established account maintained by a member bank with us or with another member bank.

**1.05 Funds**

"Funds" means a bank balance or portion thereof in a member bank reserve account.

**1.10 Reference to Bulletin 1**

Several definitions, rules of construction, and other provisions applicable to this bulletin are found in our Bulletin 1, "General Provisions," and are incorporated herein by reference.

**Section 2, TRANSFER OF FUNDS REQUESTS**

**2.00 Telephone requests**

We will accept collect telephone requests for transfers of funds in accordance with the Code Word Authentication Procedure outlined in Section 3. Such requests by member banks in the Head Office territory may be communicated directly to the wire transfer division at 214-651-6156 or 214-651-6317 or 214-651-6321. Telephone requests may be communicated by member banks in Branch territories to the Branches as follows:

Branch	Area Code	Telephone Number	Extension Number
El Paso	915	544-4730	34
Houston	713	224-4433	52 or 54
San Antonio	800	292-5810	23

**2.05 Persons authorized to make transfer requests**

A written agreement authorizing specific operating officers of the member bank to issue telephone transfer requests to us should be furnished us by a member bank. The number of officers authorized should be limited to those

few who perform this function on a routine basis. A member bank may designate individuals other than officers to issue telephone transfer instructions, but designations must be evidenced by a resolution of the board of directors of the member bank authorizing the designated individuals to request transfers of funds and relieving us from any liability when acting upon such instructions.

**2.10 Transfer of bank balances for and to member banks**

Telegraphic transfers of funds between Federal Reserve Banks of bank balances in any amount of \$1,000 or over will be made without charge for member banks to member banks and for member banks to nonmember clearing banks. A charge of \$1.50 will be made for such transfers in amounts of under \$1,000. Such telegraphic transfers of bank balances may contain descriptive third-party information not exceeding four 80-character lines of alphabetical data. While such transfers will be accepted only from member banks and paid only to member banks or nonmember clearing banks, they may be for the use of any bank, individual, firm, or corporation through the utilization of descriptive third-party information.

**2.15 Requests for transfers from on-line member banks**

Subject to the applicable provisions of this bulletin, requests for transfers of funds may be made through the use of electronic telecommunications facilities by special arrangement with us. Banks requesting transfers by this method must have executed previously agreements detailing the terms and conditions under which such transfers are to be effectuated.

**Section 3, CODE WORD AUTHENTICATION PROCEDURE**

**3.00 Purpose**

A Code Word Authentication Procedure is utilized between member banks and our offices. It is designed to detect and prevent the processing of unauthorized telephone transfer of funds requests.

### 3.05 Code word listings

(a) We will furnish each member bank which utilizes our transfer of funds facilities on a regular and continuing basis with a three-month supply of code words.

(b) All requests for listings of code words should be in writing and signed by an officer of a member bank whose signature is on file with us.

(c) Member banks should promptly acknowledge receipt of the code word listings. If a member bank does not receive its code word authentication listings within a reasonable period of time after its request, it should immediately contact our Accounting Department's manager or assistant manager.

### 3.10 Use of code words

Each transfer of funds request will require a separate code word and it must be the next sequential, unused code word shown on the code word listing. Otherwise, it will not pass our code word authentication check and it will be necessary both to reconfirm the transfer request by telephone and to reconcile the difference in code words between the member bank and us.

### 3.15 Responsibility for confidentiality

At the bottom of each listing, it is noted that the list is for authorized use only. Since the code word will be the only method of verifying the authenticity of a transfer request, it is strongly suggested that only those individuals authorized to transfer funds at each member bank have access to the code words. This will help insure the confidentiality of the member bank's list and the integrity of the authentication procedure.

### 3.25 Requests other than telephone

Requests for transfers of funds utilizing the mails, Western Union wires, TWX messages, and TELEX messages normally will not be honored. Requests utilizing these means of transmission should not be made and will be accepted only where prior arrangements have been made or in emergency situations.

### 3.30 Member banks without code word listings

Member banks not utilizing our transfer of funds facilities on a regular and continuing basis will not be supplied with code word listings. To request a transfer, such banks should contact, by collect telephone, an officer in charge of the Accounting Department at the Head Office or any officer at the Branches.

### 3.35 Emergency situations

Any member bank in emergency situations or unusual circumstances may use the procedure described in paragraph 3.30.

## Section 4, TIME LIMITATIONS

### 4.00 Transfers involving only banks within a single territory

In cases involving transfers between banks both located within a single territory, requests for telephone transfers of funds for consummation on day of receipt must be received by 3:00 p.m. local time of our office through which the transfer is made.

### 4.05 All other transfers

Except for those cases covered by paragraph 4.00 above, requests for telephone transfers of funds for consummation on day of receipt should be sent to us by 3:00 p.m. local time of the office of the Federal Reserve Bank to which the transfer is to be made. Transfers of funds for credit to banks served by us, whether or not from member banks in this District, will be accepted by us until 3:00 p.m. local time. A detailed schedule of closing hours for this Bank and for other Federal Reserve Banks for transfers of funds is contained in Supplement A to this bulletin.

**4.10 Requests after closing hours**

Requests received after closing hours may be transmitted, at our discretion, on the day of receipt; however, consummation of the transfer is discretionary with the Federal Reserve Bank to which the transfer is transmitted. Such transmittals and consummations will be limited to transfers to clear overdrafts and other emergency situations.

**Section 5, MAIL ADVICES****5.00 Advice of credit**

Mail advice of credit for all telephone transfers of funds will be given by the Federal Reserve office receiving the transfer to the member bank or nonmember clearing bank receiving credit therefor. In addition, immediate advice of credit by telephone or otherwise will be given when the bank receiving credit or the bank requesting the transfer has asked for such immediate advice, or where the nature of the transaction, or the amount involved, indicates that the additional expense is justified as to which the receiving Federal Reserve office will exercise its discretion. Mail advice will not be given to banks that use terminals connected to our District Switch, since those banks automatically receive an advice of credit as part of their use of these facilities.

**5.05 Advice of charge**

We will confirm each transfer of funds requested by forwarding a copy of the transfer document to the requesting member bank, except in those cases where requests are received by us directly from banks that use terminals connected to our District Switch. Each advice should be examined carefully and immediately upon receipt for correctness. Any exceptions noted should be reported to us promptly.

**Section 6, CHARGE AND PAYMENT****6.00 Authority to charge**

Requests to transfer funds will be construed as authority to charge the adequate collected balance for the amount of the funds transferred in the reserve account of the requesting member bank.

**6.05 Statements of account**

Transfers of funds functioned by us will be included on the daily Reserve Account Statement which we prepare. These statements will be dispatched to each member bank after the close of business on each business day. It is the responsibility of each member bank to carefully examine the entries relating to its transfers of funds as set forth in such statement of account immediately upon receipt and to promptly report any exceptions to us.

**Section 7, OUR LIABILITY**

We will use due diligence and care in the transfer of funds to the receiving Federal Reserve Bank for credit to the account of the payee bank and in the transfer of funds made on our books for banks within this District, but we will not be responsible for errors or delays caused by circumstances beyond our control. We reserve the right to decline to handle any transfer which, in our opinion, is an abuse of the transfer facilities, or which involves the fulfillment of unusual or extraordinary conditions.

**Section 8, CONTRACT**

Any bank requesting, making, or receiving a transfer of funds through the Federal Reserve Bank of Dallas shall by such action be deemed to have agreed to the terms and conditions of this bulletin.