



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 75-116
August 12, 1975

OFFSITE ELECTRONIC FACILITIES

TO ALL STATE MEMBER BANKS IN THE ELEVENTH FEDERAL RESERVE DISTRICT:

The Board of Governors of the Federal Reserve System recently considered a request by a State member bank to establish offsite electronic facilities. Many such facilities have the capacity to accept deposits, make loans, or pay checks, and have become generally known as cash dispensers, automated tellers, and point-of-sale terminals.

In view of the legal and policy issues raised by the establishment or use of offsite facilities that provide any or all of the above-described services, the Board has determined that, at this time, a State member bank desiring to establish or use an offsite electronic facility described above shall inform the Federal Reserve Bank in its district 30 days prior to the establishment or utilization of such facility. Where applicable State law or the appropriate State bank supervisory authority has permitted or approved deployment of the proposed offsite facility, and where the Reserve Bank does not notify the applicant of its objection to the establishment or use of the facility within the 30-day period, the member bank may take action to establish or use such facility.

The information provided by a State member bank in connection with establishment or use of an offsite electronic facility described above should include (a) a description of the location of the proposed facility; (b) a description of the transactions that can be accomplished at the facility; and (c) the names of other institutions, if any, sharing or intending to share the facility.

A State member bank seeking to establish or use an offsite facility that does not accept deposits, pay checks, or make loans, but for example,

merely advances cash based on a preexisting agreement or line of credit, need not give prior notice of the deployment of such a device; however, Reserve Banks should be advised by State member banks as to the deployment of such devices .

Review of such notices supplied by member banks for establishment or use of offsite electronic facilities may be undertaken by Reserve Banks pursuant to the authority set forth in Section 265.2(f) (1) of the Board's Rules Regarding Delegation of Authority. Such reviews should take into account the criteria set forth in that section. The Board has determined that State member banks may make investments in offsite electronic facilities without regard to the investment limitations of Section 24A of the Federal Reserve Act.

Sincerely yours,

T. W. Plant

First Vice President