

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 79-162

September 28, 1979

REVISION TO BULLETIN 6 WIRE TRANSFERS OF FUNDS

TO ALL MEMBER BANKS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Effective October 1, 1979 the Eleventh Federal Reserve District is implementing a new code word authentication procedure which provides new code words for member banks and initiates a verification of selected transfer requests involving third-party information. A revised page 5 of Bulletin 6, Wire Transfers of Funds, is enclosed for your information and convenient reference. Member banks and others that maintain Regulations Binders should file the revised page of Bulletin 6 in their binders. The corresponding page of the bulletin should be removed and destroyed. The major points of this revised page include:

1. The issuance of code word authentication lists to all member banks. This issuance of code word authentication lists is based upon our determination of individual bank needs according to actual volume usage. There will be no need for member banks to request new code word authentication lists in most instances. (Code word authentication lists are not activated by us until their appropriate signed acknowledgment has been received by us.)
2. Each transfer request will require a sequence number and code word. Justification for this requirement is reflected in the notation at the bottom of each code word authentication list.
3. This bank will verify by call-back selected transfers of funds requests involving third-party information. Your cooperation in expediting such verification would be appreciated.

In conjunction with the implementation of our new procedure effective October 1, 1979, we will be processing your telephone transfer requests by means of direct terminal entry by the transfer of funds personnel handling your requests. Although it is expected that this new method of direct terminal entry will allow us to provide more timely service to member banks, we ask for your consideration and understanding in the implementation stages of this new procedure. Questions concerning the new procedure should be directed to Charles R. Spurgin of the Accounting Department at this Bank, Ext. 6417, or the Accounting Department at our El Paso, Houston or San Antonio Branch.

Sincerely yours,
Robert H. Boykin
First Vice President

Enclosure

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-442-7140 (intrastate) and 1-800-527-9200 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

NOTES:

1. (Refer to item 11)

- (a) We will accept telephone requests for transfers of funds in accordance with the Code Word Authentication Procedure outlined in note 2. Telephone requests may be communicated by member banks as follows:

Office	Area Code	Telephone Number	Extension Number
Dallas	800	442-7140*	6156,6157
		(intrastate)	6317,6321
	800	527-9200*	6156,6157
		(interstate)	6317,6321
El Paso	915	544-4730**	58 or 72
Houston	713	659-4433**	31, 54, or 57
San Antonio	800	292-5810*	23 or 24

*Toll-free incoming WATS number.

**Call collect.

2. (Refer to item 11)

- (a) 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.
- (b) (1) We will furnish code word authentication lists to each member bank. A replacement will be supplied by us as needed based upon usage. To insure that code word lists do not become outdated through disuse or fluctuation in activity, all code word authentication lists, if not earlier exhausted, will become null and void at the end of exactly six calendar months from the initiation date shown on the lists.
- (2) The use by any person of a code word which passes our code word authentication check shall be deemed to be a person authorized by the member bank to request transfers of funds on its behalf.
- (3) Member banks should promptly acknowledge receipt of the code word authentication lists. A list will not be activated by us until we have received a signed acknowledgement by an officer of a member bank whose signature is on file with us.

- (c) Each transfer of funds request will require a separate sequence number and code word and these must be the next sequential, unused sequence number and code word shown on the code word authentication list. Otherwise, it will not pass our code word authentication check.
- (d) At the bottom of each listing, it is noted that the list is for authorized use only. Since the sequence number and 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 integrity of the authentication procedure.
- (e) All telephone requests for transfers of funds will be automatically recorded on recording devices and any bank utilizing this method to transfer funds hereby consents to the recording of such conversations. A written letter confirming a transfer of funds will not be required unless specifically requested by this Bank.
- (f) 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.
- (g) We intend to verify by call-back selected transfers of funds involving third-party information. Your cooperation in expediting this verification will facilitate timely processing of such transfers.
- (h) Telephone transfer requests not utilizing the Code Word Authentication Procedure may be handled on an exception basis at our discretion. Such transfer requests will be authenticated on a call-back basis.

3. (Refer to item 19)

A bank receiving and acting on any telephone notification runs the risk that it is invalid or unauthorized. At any time during normal business hours we are prepared to corroborate any transfer of funds for which telephone notification has been given by us and received by a member bank; a telephone call from the receiving member bank to the manager or assistant manager of the Accounting Department at the numbers shown in note 1. (a) will be promptly handled. Receiving member banks are encouraged to utilize this service, especially for third party advices received by telephone.