

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 81-167
August 18, 1981

REVISIONS TO

BULLETIN 6 — WIRE TRANSFERS OF FUNDS

BULLETIN 6A — SCHEDULE OF TIME LIMITS

BULLETIN 6B — FEE SCHEDULE FOR TRANSFERS OF FUNDS SERVICES

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

A revised Bulletin 6, Wire Transfers of Funds, has been prepared effective July 1, 1981. In related changes, Bulletins 6A and 6B have also been revised. Bulletin 6 has been revised in order to reflect the following information:

1. An amendment to paragraph 9 is intended to define and clarify the term "transfer request." This term refers to a transfer of funds initiated by telephone and differs from a request for payment described in paragraph 10A of Bulletin 6.
2. A new paragraph, 10A, has been added regarding the handling of requests for payment by Reserve Banks. As noted in paragraph 10A, a request for payment is currently handled only involving on-line institutions (Subtype Code 31). It is also noted in the new paragraph that a request for payment will impose no obligation on the receiving institution to transfer the funds or even to acknowledge the request. Such payment request is not to be considered an "item" as defined under Subpart B of Regulation J or the Uniform Commercial Code. In regard to requests for payment, it is stressed that the closing hour for such requests is two hours earlier than the closing hour for wire transfers. This earlier closing hour for Subtype Code 31 transfers is also noted on the revised Bulletin 6A. In addition, each request for payment (Subtype Code 31) will incur a charge of 80 cents; a transfer of funds in response to a transfer request (Subtype Code 32) will likewise incur a charge of 80 cents; a negative response (Subtype Code 33) to a Subtype Code 31 request will incur no charge. These pricing considerations for Subtype Code 31, 32, and 33 sent by on-line institutions are noted in Bulletin 6B.

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.

3. An amendment to paragraph 14 clarifies the fact that we do not give telephone advice of credit for settlement transfers (Type Code 16) unless the transferee has made a standing order for immediate notification of all transfers. This fact is also mentioned in revised Bulletin 6A, Schedule of Time Limits.
4. A new paragraph, 22B, has been added to reflect that we do handle service messages involving questions and corrections regarding previously sent or received funds transfers. It should be noted that such service messages are handled by Reserve Banks subject to Subpart B of Regulation J, Bulletin 6, and prescribed format requirements.

The enclosed revised Bulletin 6, Bulletin 6A, and Bulletin 6B should replace those currently filed in Vol. I of your Regulations Binders. Bulletin 6C, dated January 29, 1981, should be retained in your Regulations Binder.

If you have any questions in regard to these changes, please contact Bob Boyanton, (214) 651-6100 or Allan Neale, Ext. 6334 at the Head Office; Ralph Olivas or Javier Jimenez, (915) 544-4730, El Paso Branch; Jan Williams or Rodney Franklin, (713) 659-4433, Houston Branch; and Dorothy Jasso or Rene' Gonzales, (512) 224-2141, San Antonio Branch.

Sincerely yours,

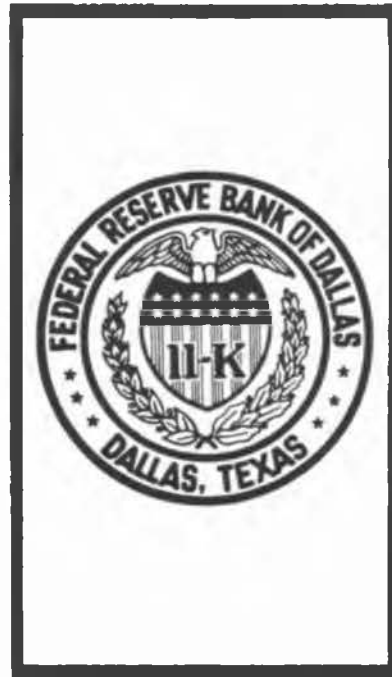


William H. Wallace
First Vice President

Enclosure

BULLETIN 6

Wire 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 institutions to cover anticipated charges to an account on our books.

1. Subpart B of Regulation J ("Regulation J") of the Board of Governors of the Federal Reserve System and this bulletin and time schedule apply to wire transfers of funds handled by this Bank. This bulletin is issued pursuant to Sections 4, 13, 14, 16, and 19 of the Federal Reserve Act and related statutes in conformity with Regulation J. It is binding on transferors, transferees, beneficiaries, and other parties interested in an item.

2. Each Reserve Bank has issued a circular, letter, or bulletin substantially similar to this one. When we send a transfer item to another Reserve Bank, that Reserve Bank handles the item under its operating circular, letter, or bulletin.

3. All terms defined in Regulation J have the same meaning in this bulletin. Some terms used in this bulletin, including terms not defined in Regulation J, have specialized meanings that have developed through law, custom, and commercial usage. Unless otherwise stated, all references to this Bank will include the Head Office and its El Paso, Houston, and San Antonio Branches.

ISSUANCE OF TRANSFER ITEMS AND TRANSFER REQUESTS

4. A transferor maintaining or using an account with an office of this Bank may send a transfer item to or make a transfer request of that office. We may refuse to act on, or may impose conditions to acting on, a transfer item or request if we have reason to believe that the balance in the transferor's account is not sufficient to cover the item. A transferor, other than a Reserve Bank, that uses our wire transfer of funds facilities shall maintain with us a balance of actually and finally collected funds in accordance with Section 210.31(a) of Regulation J.

5. A transfer item or request must be in the format prescribed by us.

6. The text of a transfer item may not exceed 380 characters including punctuation, third-party information, and any other instructions, except with our approval.

7. We only accept a transfer item or request that instructs us to transfer funds on our banking

day of receipt.

8. A transferor may send a transfer item to us by electronic means under arrangements with us, or, in unusual circumstances and in our discretion, in other media approved by Section 210.28 of Regulation J. The transferor must authenticate a transfer item at the time it is sent by codes or procedures we prescribe. A transfer item contained in a letter, memorandum, or similar writing must be signed by an authorized officer of the transferor whose signature is on file with us.

TRANSFER REQUESTS

9. A "transfer request," as defined in Regulation J, refers to a transfer of funds initiated by telephone, and differs from a request for payment described in paragraph 10A. A transfer request may be made by telephone under arrangements with us. [See Note 1] The transferor must authenticate a transfer request at the time it is made by codes or procedures we prescribe. [See Note 2] We may record a transfer request. We reserve the right to require a transferor to confirm a transfer request by a letter of confirmation over authorized signature(s). We assume no liability for loss resulting from a transfer of funds based on a communication that is in the form of a transfer item and that does not expressly indicate that it is a confirmation.

10. We reserve the right to refuse to handle a transfer item or request under conditions different from those imposed by this bulletin or Regulation J.

REQUESTS FOR PAYMENT

10A. A request for payment is a message sent by an institution authorized to be a transferee, requesting an institution authorized to be a transferor to send a transfer item to the transferor's Reserve Bank for credit to the institution requesting the payment. We handle a request for payment, or a negative response, involving only on-line institutions, subject to our time and fee schedules, and without transferring funds. A request for payment is not an item and, in itself, imposes no obligation on the recipient to respond.

HANDLING OF TRANSFER ITEMS AND REQUESTS

11. We will notify a transferor of a significant delay in executing transfers of funds within a reasonable time after we learn of the delay.

12. We expect to handle a transfer item or request promptly and to complete a transfer of funds on the banking day requested if we receive the item or request before the closing hours established in our time schedule. We do not guarantee that we or another Reserve Bank will complete a transfer of funds on the day requested. We are not responsible to the transferor or to any other person for any loss or delay resulting from our handling of an item on the basis of an erroneous routing number or other designation appearing on the item when we receive it, whether or not that designation is consistent with any other designation appearing on the item.

CLOSING HOURS

13. Our time schedule shows the latest hours on each banking day ("closing hours") at which we will accept a transfer item or request. [Bulletin 6A] If we receive a transfer item or request after the closing hour we may either refuse to handle it or handle it on the following banking day, except that we may complete a same-day transfer on the day of receipt. In the case of an interoffice transaction received after our closing hour, completion of the transfer on that day is also discretionary with the transferee's Reserve Bank.

ADVICES OF CREDIT AND DEBIT

14. We provide to a transferee maintaining or using an account with us, an advice of credit for a transfer of funds. We give advice of credit by telephone, telegraph, or other form of electronic telecommunications when we deem that the nature of the transaction justifies it or when the transferor or transferee requests it. The transferee should ascertain the authenticity of an advice of credit at the time of its receipt by codes or procedures we prescribe. [See Note 3] We do not give telephone advice of credit for a transfer, identified as a settlement transfer, between

a transferor or transferee for their own accounts, or for the account of another institution authorized to be a transferor, unless the transferee has made a standing order for advice of all transfers of funds.

15. The transferee should confirm a telephonic advice of credit that contains third-party information or other special instructions, by return telephone call or other arrangements prior to making the proceeds of the transfer available for withdrawal or other use. The transferee assumes all risk of loss resulting from its failure to make the confirmation. In addition, if there is a discrepancy between an advice given by telephone, telegraph, or other form of electronic telecommunications and a mailed or delivered advice, the transferee is deemed to approve the credit reflected in the mailed or delivered advice unless it sends written objection to us within ten (10) calendar days following its receipt of the mailed or delivered advice. The objection should be sent to the Reserve office at which the transferee maintains or uses an account.

16. We provide an advice of debit to a transferor maintaining or using an account with us. The transferor should carefully examine the advice on receipt, and promptly report any exception. The transferor is deemed to approve a debit if it fails to send written objection within ten (10) calendar days after it receives the advice of debit to the office of this Bank with which it maintains or uses an account.

CHARGES

17. Our schedule of charges shows the charges imposed for wire transfer of funds services. [Bulletin 6B] We may make the charge to the account of the transferor or transferee requesting the service.

FINAL PAYMENT; RIGHT TO USE FUNDS; TRANSFEREE'S AGREEMENT

18. A transfer item is finally paid when the transferee's Reserve Bank sends the item or sends or telephones advice of credit to the transferee, whichever occurs first.

19. On final payment the transferee has the

right to withdraw or use funds that have been credited to its account, subject to the right of a Reserve Bank to apply the funds to an obligation owed to it by the transferee.

20. As provided by Section 210.30 of Regulation J, a transferee that receives from us a transfer item, or advice of credit of a transfer item, designating a beneficiary, agrees:

- (a) to credit promptly the beneficiary's account or otherwise make the amount of the item available to the beneficiary; or
- (b) to notify promptly the office of this Bank with which it maintains or uses an account if it is unable to do so because of circumstances beyond its control. We will then notify our transferor.

REVOCATION OF TRANSFER ITEMS

21. A transferor may ask the office of this Bank to which it has sent a transfer item or request to revoke a transfer item or request. The transferor must authenticate the request for revocation by codes or procedures we prescribe. We may cease acting on the item or request if we receive the request for revocation in time as to give us a reasonable opportunity to comply. If the request is received too late, we may, on request from the transferor:

- (a) ask the transferee to return the transferred funds; or
- (b) in an interoffice transaction, ask the transferee's Reserve Bank to ask the transferee to return the funds.

22. To correct an erroneous or irregular

transfer of funds, we may, on our own initiative or at the request of another Reserve Bank, ask the transferee to return funds previously transferred.

22A. By requesting a revocation, unless the request states "NO INDEMNITY," the transferor agrees that the transferor will indemnify the transferee for any loss or expense sustained (including attorneys' fees and expenses of litigation) resulting from the return of the funds by the transferee, except any loss or expense resulting from the transferee's lack of good faith or failure to exercise ordinary care.

SERVICE MESSAGES

22B. We handle for a transferor or transferee a service message in a prescribed format concerning a previously sent or received transfer of funds.

GENERAL

23. A transferor sending a transfer item by electronic means should determine that the transfer item has been accepted by our telecommunications and processing equipment.

24. A transferor or transferee must prevent the disclosure outside of it, or within it except on a "need to know" basis, of any of the codes or other security procedures relating to transfers of funds. The transferor or transferee should notify us immediately if the confidentiality of these procedures is compromised, and act to prevent any further disclosure.

RIGHT TO AMEND

25. We reserve the right to amend this bulletin at any time.

NOTES:

1. (Refer to item 9)

(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 depository institutions as follows:

Office	Area Code	Telephone Number	Extension Number
Dallas	800	442-7276* (intrastate)	6110
	800	527-9200* (interstate)	6110
El Paso	800	592-1631* (intrastate)	215, 216
	800	351-1012* (interstate)	215, 216
Houston	713	659-4433**	31, 54, or 57
San Antonio	800	292-5810*	435, 436

*Toll-free incoming WATS number.

**Call collect.

2. (Refer to item 9)

(a) A Code Word Authentication Procedure is utilized between depository institutions 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 depository institution as the need arises. 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 depository institution to request transfers of funds on its behalf.

(3) Depository institutions 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 depository institution 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 depository institution have access to the code words. This will help insure the confidentiality of the depository institution'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 depository institution 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 14)

A depository institution 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 depository institution; a telephone call from the receiving depository institution to the manager or assistant manager of the Accounting Department at the appropriate office will be promptly handled. **Receiving depository institutions are encouraged to utilize this service, especially for third-party advices received by telephone.**

SCHEDULE OF TIME LIMITS

(Closing Hours for Telegraphic Transfers of Funds
for Consummation on Day of Receipt)

I. Closing Hours

A. Interdistrict Transfers

We accept interdistrict transfer items (on-line instructions) until 3:30 p.m., and interdistrict transfer requests (telephonic instructions) until 3:00 p.m., Central Time each business day. (For the El Paso territory of the Eleventh Federal Reserve District, the times are 2:30 p.m. and 2:00 p.m., respectively, Mountain Time). In our discretion, we may accept interdistrict transfer items and requests after these times, but the completion of such transfers is also at the discretion of the transferee's Reserve Bank.

B. Intradistrict Transfers

We accept intradistrict transfer items (on-line instructions) until 3:30 p.m., and intradistrict transfer requests (telephonic instructions) until 3:00 p.m., Central Time each business day. (For the El Paso territory of the Eleventh Federal Reserve District, the times are 2:30 p.m. and 2:00 p.m., respectively, Mountain Time). In our discretion, we may accept intradistrict transfer items and requests after these times.

II. Settlement Period

We accept settlement transfer items (on-line instructions) until 5:30 p.m., and settlement transfer requests (telephonic instructions) until 5:00 p.m., Central Time each business day. (For the El Paso territory of the Eleventh Federal Reserve District, times are 4:30 p.m. and 4:00 p.m., respectively, Mountain Time). A settlement transfer is a transfer between a transferor and transferee for their own accounts, or for the account of another financial depository institution on the books of the transferor or transferee. A settlement transfer must be identified with type code 16, and may contain third party information relating only to financial depository institutions. Settlement transfers may be used to adjust for net settlement transactions. Immediate telephone advice is not provided for settlement transfers, unless the transferee has made a standing order for immediate notification of all transfers.

NOTE: Requests for payment (Subtype Code 31) referred to under paragraph 10A of Bulletin 6 have a closing hour which is **two hours earlier** than the closing hour for wire transfers.

**FEE SCHEDULE FOR
TRANSFERS OF FUNDS SERVICES**
(Effective January 29, 1981)

WIRE TRANSFER

	Telephone Advice	
	No	Yes
Originator On-Line	\$.80	\$2.60*
Originator Off-Line	3.50	5.30*
Receiver Off-Line	—	1.80

*Fees for advices requested by an originator became effective March 26, 1981.

NOTE: Requests for payment (Subtype Code 31) referred to under paragraph 10A of Bulletin 6 will incur a charge of 80¢ for on-line institutions since they are currently limited to on-line institutions. A transfer of funds in response to a transfer request (Subtype Code 32) will likewise incur a charge of 80¢. A negative response to a Subtype Code 31 message (Subtype Code 33) will incur no charge.