



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT

December 4, 1985

DALLAS, TEXAS 75222

Circular 85-140

TO: The Chief Executive Officer of all
depository institutions in the
Eleventh Federal Reserve District

SUBJECT

Current policies regarding on-line access to Federal Reserve services including: electronic installation fees, hardware/software compatibility testing, revised RESPONSE network lease fees.

SUMMARY

The Federal Reserve Bank of Dallas has announced the following changes and new services in connection with the RESPONSE network for electronic access to Bank services:

1. Immediate availability of compatibility testing for user-provided hardware and software used to access the RESPONSE network.
2. Installation fees effective January 1, 1986.
3. Changes in installation fees for dedicated links to the network.
4. New fees for leased equipment provided by the Dallas Fed.
5. Revised access fees for ACH-only connections.

DETAILS

BACKGROUND ON RESPONSE NETWORK

Financial institutions can access Federal Reserve services via an on-line computer network known as RESPONSE. Institutions can be connected in one of three ways -- by a direct computer-to-computer link, by dedicated telephone lines or by a dial-up connection. Depending on the type of connection, the institution may provide its own equipment or lease equipment through the Dallas Fed.

In connection with the RESPONSE network, The Federal Reserve Bank of Dallas has announced compatibility testing for user-provided hardware or software components in addition to changes in the installation fee schedule. These changes are detailed below.

COMPATIBILITY TESTING AND REVISED INSTALLATION FEES

Hardware Compatibility Testing

Effective immediately, financial institutions wanting to test equipment for compatibility with the on-line services provided by the Dallas Fed will be charged a fee of \$2,500. This fee is to be charged the first time the specific equipment is used to access Fed on-line services to determine if Federal Reserve software operates on the equipment. The fee also may be charged for retesting equipment configurations that have been modified. **The fee may be less if the configuration essentially is similar to one already approved for use in the Federal Reserve System.**

Compatibility testing fees will not be applicable to institutions that have relocated equipment, or when the Federal Reserve requests institutions to upgrade or replace existing connections in order to take advantage of technological advancements.

Software Compatibility Testing

Effective January 1, 1986, any institution with a computer interface (funds transfer and ACH data link users) that totally replaces its internal communications software on its own, or makes significant modifications to its software, will be subject to the following installation and compatibility fees. The \$4,000 fee may be significantly lower if the proposed software is one that the Dallas Fed has already tested for compatibility.

INSTALLATION AND COMPATIBILITY FEES

Service Provided	Fee
Basic Installation	\$ 300
Vendor Charges	Pass through actual cost
Software Compatibility Testing	\$4,000 (maximum)
Retraining	\$ 150 (optional)

Description of Fees

Basic Installation	designed to recover costs associated with the documentation, general training, coordination of the installation and routine testing.
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¹ This would apply to all existing BOPEAP computer interface institutions that are converting to FRISC or FLASH.

- Vendor Charges** include shipping, installation fees and the one-time costs associated with installing a circuit.
- Software Compatibility Testing** fee will be charged if the software necessary to interface with the network is provided by the financial institution. The fee may be less if the software to be used is essentially the same as software already in use in the Federal Reserve System.
- Retraining Fee** may be applicable if an institution requests that additional personnel be trained in the use of hardware and/or software for the purposes of accessing on-line services.

DEDICATED LINE CHANGES

Financial institutions using hardware and software for dedicated line terminals (Racal-Milgo or IBM CRT/Printer equipment) must lease them through the Dallas Fed. This policy may be revised in the future once our plans concerning the implementation of the Federal Reserve System standard for encrypting all terminals has been finalized. Therefore, the compatibility testing fees will not be applied to dedicated line users. Originally, a fee of \$350 was charged by the Federal Reserve System for this type of connection.

REVISED LEASE FEES

Incorporated into the 1986 lease fees is an administrative charge designed to recover the explicit costs incurred in developing and administering a program where vendor hardware is provided to an institution which contracts and receives its billing through the Federal Reserve Bank. These fees become effective January 1, 1985.

Type of Leased Equipment	Monthly Charge
Dedicated Terminal Modem	
4800 baud	\$102
2400 baud	\$ 66 or \$68 ²
Computer Interface Modem for CPU links	\$ 66 or \$68 ²
ACH Modem (for ACH transactions only)	\$127

Lease fees for personal computer connections to the RESPONSE network will be announced soon.

² Price depends on lease arrangements.

ACCESS FEES FOR ALL PRICED SERVICES AND ACH-ONLY CONNECTIONS

Beginning January 1, 1986, there will no longer be any subsidy on access to the ACH service only. The following access fees will be in effect for all priced services.

Type of Connection	Monthly Fees for all Priced Services
Direct (CPU to CPU)	\$300
Dedicated Line	
Single Drop	\$300
Multi-drop (shared)	\$225
Dial-Up Line	\$ 60

REVISIONS TO BULLETIN 16

With these new charges, it is necessary to revise Bulletin 16. A revised version will be distributed soon.

MORE INFORMATION

For more information, please contact the RESPONSE Customer Assistance Group at (214) 698-4250.

Sincerely yours,

