



**FEDERAL RESERVE BANK
OF DALLAS**

WILLIAM H. WALLACE
FIRST VICE PRESIDENT

October 14, 1986

DALLAS, TEXAS 75222

Circular 86-86

TO: The Chief Operations Officer of
all financial institutions in the
Eleventh Federal Reserve District

SUBJECT

Fedwire Extension Policy Guidelines

DETAILS

In our June 27, 1986, "New Fedwire Extension Policy" announcement we provided background information related to the frequency and duration of Fedwire extensions that exist in the Federal Reserve System. Although this official System policy became effective August 1, 1986, we plan to phase in the implementation of the extension policy as it applies to interdistrict third party deadlines in order to allow Fedwire customers time to implement procedures that will help eliminate extension requests. The procedure covering requests for extensions under the new policy is outlined below, as well as guidelines that should be used in requesting extensions.

If requests for extensions cannot be avoided, the officer in charge of your funds transfer unit should direct such requests to the Federal Reserve Bank of Dallas wireroom.

Federal Reserve System policy allows for an extension only when the magnitude of the transfers involved is such that the national payments and/or securities market would be adversely affected without an extension. Although we are sympathetic to heavy volume days, shortages of staff, and internal traffic delays, extension requests for these reasons will not be permitted under the new policy unless the dollar amount involved would be considered detrimental to the national payments/securities market as described above.

In requesting an extension, we will need to know the circumstances requiring the extension, the total dollar amount and number of transfers to be sent, and the estimated time of recovery if the problem involves a computer hardware or software or communication equipment outage.

To ensure adequate time for review, extension requests should be communicated as soon as possible, but no later than thirty minutes in advance of the cut-off time.

Extensions to the interdistrict third party guidelines will be granted in increments not to exceed thirty minutes. Each additional extension will be treated as a new extension. If a Reserve Bank extends the interdistrict third party deadline for any reason, all depository institutions in Districts that extend the operating hours will be permitted to originate, as well as receive, messages during the extension period. If an extension is announced by another District before 4:00 p.m. CST you will be notified of our extension by a broadcast wire. The Federal Reserve System will monitor all extension requests on a monthly basis. Therefore, each District will be responsible and held accountable for all extensions granted.

Since many financial institutions in this District have structured their operations around blanket extensions of the interregional third party deadline, we will continue to grant extensions of that deadline upon request until October 15, 1986.

After October 15, 1986, financial institutions granted extensions may be asked, at the Federal Reserve Bank of Dallas' discretion, to provide a follow-up letter from the institution's senior operations officer within five business days of the date the extension was granted. If a follow-up letter is requested, the letter should explain the reason for the extension request, the number of messages and total dollar value of messages sent during the extension, and what actions the financial institution plans to take to avoid further extension requests.

To the extent possible, each of our four offices will provide offline back-up service. Computer Interface institutions which do not presently have back-up equipment configurations installed are encouraged to do so. Also, leased line institutions with heavy volume should consider having additional leased line equipment installed. Lower volume leased-line users should consider RESPONSE, our personal computer dial-up configuration, as a back-up mode for their operation. We will be available to advise and assist you with any questions you may have regarding a back-up configuration.

The success of any new operating procedure is dependent on the mutual understanding and cooperation of both the customer and the service supplier. Many of you have been affected adversely by frequent and relatively long extensions by financial institutions in other Districts and we are encouraged by your support of more stringent guidelines for granting extensions.

We look forward to assisting you in any possible way regarding the new extension policy and in helping you with back-up considerations. In the meantime, if you or your staff have any questions, please contact Mr. Larry C. Ripley at (214) 651-6118 or Ms. Jonnie K. Miller at (214) 651-6290.

Sincerely yours,

William H. Wallace