



FEDERAL RESERVE BANK
OF DALLAS

HELEN E. HOLCOMB
FIRST VICE PRESIDENT AND
CHIEF OPERATING OFFICER

DALLAS, TEXAS
75265-5906

October 27, 1999

Notice 99-94

“Year 2000 Readiness Disclosure”

TO: The Chief Operating Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

An Update on Year 2000 (Y2K) Plans for Cash Services

DETAILS

With less than seventy days remaining until the century date change, the Federal Reserve would like to provide you with an update on our final Y2K cash preparations and also emphasize some critical elements of our Y2K contingency plan that were described to you earlier this year. As you may recall, the Federal Reserve distributed two customer cash letters (January and May 1999) that focused solely on cash Y2K preparedness efforts. Additionally, the Federal Reserve’s Century Date Change Bulletin (issue No. 8, September 1999) included guidance for depository institutions (DIs) on managing cash during the century date change transition period.

In all three communications, the Federal Reserve emphasized that a core element of our overall Y2K cash strategy was the buildup of currency inventories, both at the Fed and at DI vaults. As planned, the Federal Reserve had over \$200 billion in its vaults at the beginning of October 1999. Additionally, a percentage of this inventory is now stored in more than eighty strategic inventory locations (SILs) throughout the United States and in some international SILs to ensure the expeditious delivery of Fed currency to meet any emergency situation during the Y2K transition period. The combined inventory in Fed vaults and at SILs will ensure that adequate currency is available for our customers throughout fourth quarter 1999 and first quarter 2000.

The Federal Reserve has also encouraged DIs to accumulate additional currency for Y2K early in fourth quarter 1999 and have this currency deployed at appropriate branch loca-

tions, where it will ultimately be available to the public. Several surveys indicate that DIs have already begun to build their Y2K cash inventories and plan to continue doing so through the rest of the year. The Federal Reserve strongly encourages all DIs to complete the buildup of Y2K cash inventories during November 1999. Due to capacity limitations, it is possible that DIs may not be able to secure the armored carrier services necessary for transporting additional currency orders in December.

As we approached fourth quarter 1999, the Federal Reserve communicated several logistical plans related to the *century date change weekend*, including our intention for all Federal Reserve cash offices to be open for emergency cash orders on Saturday, January 1, 2000, and Sunday, January 2, 2000. The Federal Reserve has recently identified an additional provision for accommodating emergency cash demand during fourth quarter 1999. Beginning November 1, 1999, all Federal Reserve cash offices will activate local telephone numbers (cellular and pager) to enable DIs to place emergency cash orders during all *non-business hours* and *weekends*. This emergency off-hours ordering service will be effective through the century date transition, and discontinuation will be announced by the Federal Reserve during first quarter 2000. For all emergency orders processed by the Federal Reserve, DIs are expected to make the appropriate armored carrier transportation arrangements. Additional details regarding the off-hours emergency ordering service and other logistical plans are included in Attachment A.

Also, advance preparations for ensuring Y2K readiness apply to DIs involved in correspondent respondent relationships. Both parties should be fully briefed on each other's Y2K cash contingency plans and, if appropriate, respondent DIs should obtain approval to process settlement activity in the correspondent account if Y2K currency is obtained directly from the Federal Reserve.

ATTACHMENTS

Attached are the Cash Operating Procedures for the century date change event and the Federal Reserve System Cash Services Y2K emergency telephone and facsimile numbers.

MORE INFORMATION

If you have any questions about the information contained in this notice or if you need any assistance in finalizing your Y2K cash contingency plans, please contact Bill Morse, (214) 922-6802, at the Dallas Office; Dieter Stanchos, (915) 521-8265, at the El Paso Office; Marilyn Snider, (713) 652-1521, at the Houston Office; or Mario Garcia, (210) 978-1300, at the San Antonio Office. For additional copies of this Bank's notice, contact the Public Affairs Department at (214) 922-5254.

Sincerely,

Handwritten signature of Helen C. Holcomb in cursive script.

Attachment A

Cash Operating Procedures for the Century Date Change Event

Placing Currency Orders

DIs will not experience any change in the way they now order currency from the Federal Reserve during normal business hours. DIs should continue to place currency orders using the existing Voice Response System (VRS) or cash administration telephone numbers for all contacts during normal business hours.

In addition to implementing flexible operating hours and extended dock hours during the Y2K transition period, we have also established local telephone numbers for placing emergency cash orders or coordinating emergency shipments during all *non-business hours* and *weekends*, beginning Monday, November 1, 1999. The cellular telephone and pager numbers published in Attachment B will put you in contact with a Federal Reserve management person who is authorized to initiate an emergency Y2K cash shipment. Regardless of the communication method used, the person receiving the call will call back on a land-based telephone line, if available, to discuss the specifics of the shipment. Both the cellular telephone numbers and the pager numbers will be monitored during all non-business hours and weekends throughout the transition period.

Placing an off-hour emergency order requires two actions. First, initiate the oral request by contacting a member of cash management via the cellular or pager telephone number and indicate that the order is a “Y2K cash emergency.” Second, fax a request written on your institution’s letterhead—and signed by an authorized DI representative—to the number provided in Attachment B. Note that this procedure will also be in effect for emergency cash orders placed on Saturday, January 1, 2000, or Sunday, January 2, 2000. To facilitate the processing of Y2K emergency cash orders during the century rollover weekend, Federal Reserve offices will restrict activity to *orders only*—no cash deposits will be accepted by Fed offices on January 1 or January 2. Discontinuation of the emergency off-hour ordering service will be announced during first quarter 2000.

Voice Response Contingency Plan

In the event of a local service disruption in the VRS during the Y2K transition, DIs should initiate an oral request for cash by contacting a member of cash management through the existing contact number for normal office hours. After placement of the order, the DI should fax a request written on letterhead—and signed by an authorized DI representative—to the number provided in Attachment B.

Telephone Numbers – Contingency Plan

While the probability of a complete telecommunications outage during the century date change weekend is highly unlikely, the Federal Reserve has implemented a contingency plan in the event that the office, cellular, pager, and fax numbers (included in Attachment B) are inoperable. If this situation occurs, DIs should follow the procedures below during the century rollover weekend and, if necessary, after the weekend until regular communication channels are restored:

- *Option #1*

Document on your institution's letterhead the emergency cash request and have it signed by an authorized DI representative. Include all the appropriate information, including ABA number, branch number, amount of cash order by denomination, and confirmation that armored carrier transportation has been arranged (specify date and time of expected pickup). **Deliver this document *in person* to a member of cash management at your local Federal Reserve office.** Note that the authorized representative delivering the cash order paperwork will need to have identification to be admitted into the local Federal Reserve office.

- *Option #2*

Document on your institution's letterhead the emergency cash request and have it signed by an authorized DI representative. Include all the appropriate information, including ABA number, branch number, amount of cash order by denomination, and confirmation that armored carrier transportation has been arranged (specify date and time of expected pickup). **Transfer this document to your *armored carrier agent* and instruct the armored carrier to immediately deliver the document to the Federal Reserve for processing.**

Armored Carrier Transportation

Throughout 1999, the armored carrier industry has stated that capacity limitations are expected at year-end. Normal seasonal demands, coupled with expectations for increased demand due to Y2K, will strain armored carrier resources even further during the century date change transition. While this may be the case, the Federal Reserve expects all DIs to arrange armored carrier transportation for emergency cash orders, even if requested on Saturday, January 1, 2000, and Sunday, January 2, 2000. If you are unable to arrange an armored carrier pickup of emergency orders from the Federal Reserve, please contact your local Federal Reserve cash representative, who will work closely with you to find suitable alternative arrangements.

Correspondent/Respondent DIs

An important Y2K preparedness step for DIs involved in correspondent respondent relationships is to ensure that both parties are fully briefed on each other's Y2K cash contingency plans. For DIs acting in a correspondent capacity, contingency plans should include procedures to supply

respondent DIs with emergency Y2K cash or to approve settlement activity *in the correspondent account* if the respondent DIs obtain Y2K currency directly from the Federal Reserve. If needed, please refer to the Federal Reserve's Account Relationships Operating Circular (Version No. 1, Appendix No. 5) for a sample of a correspondent respondent transaction settlement authorization form. Note that cash contingency plans should include procedures for the period before, during, and after the century rollover weekend.

Respondent DIs should validate the documentation of these procedures and include them in their own cash contingency plans. If these contingency plans are not endorsed by the correspondent, respondent DIs should contact the local Federal Reserve office as soon as possible to complete the appropriate paperwork for establishing a Federal Reserve account prior to the century roll-over event.

Return of Currency

With the approach of fourth quarter 1999, many stakeholders in the cash business have voiced concerns about the return of currency to the Federal Reserve after the Y2K transition. To ensure that this effort is managed effectively, the Federal Reserve plans to implement flexible operating hours from early January 2000 through first quarter 2000 to accommodate the return of Y2K currency. The flexible operating hours will also include the extension of our dock hours to facilitate armored carrier traffic during this period.

Attachment B

Federal Reserve System Cash Services Y2K Emergency Telephone and Facsimile Numbers

OFFICE	CELLULAR TELEPHONE	PAGER NUMBER	FACSIMILE NUMBER
Boston	(617) 513-5338 (617) 721-6373	(617) 705-7617	(617) 973-3825 (617) 422-6455
New York *	(201) 259-1635	(011) 8816-3117-3563	(201) 531-3260
Buffalo *	(716) 491-4094	(011) 8816-3107-3515	(716) 849-5215
Philadelphia	(215) 485-7509	(215) 374-4411	(215) 574-3932
Cleveland	(216) 403-8231	(800) 381-8949	(216) 579-2950 (216) 579-2480
Cincinnati	(513) 218-2604	(513) 577-5762	(513) 455-4588 (513) 455-2279
Pittsburgh	(216) 403-8231	(800) 381-8949	(216) 579-2950 (216) 579-2480
Richmond	(804) 641-7198	(804) 576-2083	(804) 697-8305 (804) 697-2750
Baltimore	(410) 977-9747	(410) 416-3091	(410) 576-3683
Charlotte	(704) 301-0659 (704) 301-0661	(888) 459-5096 (888) 419-3963	(704) 342-5774
Atlanta	(404) 557-9258 (404) 557-1098	(404) 650-5320	(404) 521-8123
Birmingham	(205) 229-0748	(205) 817-4227	(205) 731-8584
Jacksonville	(904) 923-2111	(877) 578-5561	(904) 632-3584
Nashville	(615) 308-7133	(615) 282-0230	(615) 251-7135
New Orleans	(504) 481-5117	(504) 984-1951	(504) 593-3218
Miami	(305) 898-9330	(888) 762-6580	(305) 471-6299
Chicago	(312) 961-2569	(800) 759-8352 PIN 1249386#	(312) 322-2275
Detroit	(313) 330-2493	(800) 835-8432	(313) 964-6149
St. Louis	(314) 608-2337	(314) 419-9081	(314) 444-8878
Little Rock	(501) 258-8656	(501) 396-2052	(501) 324-8260
Louisville	(502) 609-2559	(502) 372-0911	(502) 568-9245
Memphis	(901) 606-5367	(901) 223-1150	(901) 579-2497
Minneapolis	(612) 723-0530	(888) 491-7826	(612) 204-5243
Helena	(406) 431-5040	(406) 449-0790	(406) 447-3932
Kansas City	(816) 392-2913	(816) 990-9800	(816) 881-2151
Denver	(303) 570-7407	(303) 208-6659	(303) 572-2574
Oklahoma City	(405) 613-9173	(888) 876-7520	(405) 270-8405
Omaha	(402) 699-4358	(402) 554-7238	(402) 221-5631
Dallas	(214) 869-0895	(972) 909-4493	(214) 922-6812
El Paso	(915) 497-4153	(800) 438-1491	(915) 521-8283

OFFICE	CELLULAR TELEPHONE	PAGER NUMBER	FACSIMILE NUMBER
Houston	(713) 817-4783	(713) 415-1315	(713) 652-1624 (713) 652-9144
San Antonio	(210) 862-8694 (210) 240-1436	(210) 613-9578 (210) 869-3576	(210) 978-1321
San Francisco	(415) 515-2436	(888) 278-6651	(415) 974-3383
Los Angeles	(213) 923-3666	(323) 502-5903	(213) 683-2369
Portland	(503) 849-5880	(888) 528-1783	(503) 221-5933
Salt Lake City	(801) 509-0733	(888) 884-3469	(801) 322-7845
Seattle	(206) 419-4503	(206) 264-7321	(206) 343-3767

* Numbers provided are satellite pagers.