

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 8172]
August 30, 1977

WIRE TRANSFERS OF FUNDS
Revision of Operating Circular No. 10

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

As announced in our Circular No. 8140, dated June 29, 1977, the Board of Governors of the Federal Reserve System has adopted, effective September 1, 1977, a new Subpart B to its Regulation J governing the wire transfer-of-funds activities of the Federal Reserve Banks.

Enclosed is a copy of this Bank's Operating Circular No. 10, Revised effective September 1, 1977, implementing Subpart B and containing certain operating details with respect to this Bank's transfer-of-funds activities. Also enclosed is a copy of an Appendix to Operating Circular No. 10, containing a schedule of the closing hours for our wire transfer-of-funds operations and the conditions under which those closing hours may be extended.

The nature of our transfer-of-funds operations will not be affected by the new Subpart B of Regulation J, nor by Operating Circular No. 10 or its Appendix; their purpose is to clarify the manner in which those operations are conducted. If you have any questions regarding these matters, you may contact, at the Head Office, Gerald Hayden, Manager, Collection Department (Tel. No. 212-791-5079), and, at the Buffalo Branch, Robert J. McDonnell, Assistant Cashier (Tel. No. 716-849-5022).

PAUL A. VOLCKER,
President.

FEDERAL RESERVE BANK OF NEW YORK

[Operating Circular No. 10
Revised effective September 1, 1977]

WIRE TRANSFERS OF FUNDS

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

1. This operating circular and our schedule of time limits, issued pursuant to the provisions of Sections 4, 13, 14, 16, and 19 of the Federal Reserve Act and the provisions of related statutes and in conformity with the provisions of Subpart B of Regulation J of the Board of Governors of the Federal Reserve System (hereinafter referred to as "Subpart B"), prescribe the terms and conditions upon which this Bank will execute certain transfers of funds between transferors and transferees.

2. Section 210.65 of Subpart B provides that each Federal Reserve Bank shall issue operating circulars not inconsistent with the provisions of that subpart governing the details of its funds transfer operations and containing such other matters as are required by such provisions and such additional terms and conditions as each Federal Reserve Bank may impose. All terms defined in Subpart B and used herein have the meanings stated in that subpart. Section 210.51 of Subpart B provides that the provisions of that Subpart and of the operating circulars of the Federal Reserve Banks shall be binding upon transferors and transferees.

3. Unless otherwise stated, all references to "this Bank" will include the Head Office and its Buffalo Branch.

Terms and Conditions

4. Subpart B prescribes terms and conditions under which all Federal Reserve Banks will handle transfer items and requests by telephone for the issuance of transfer items (hereinafter referred to as "requests for transfer items") which have been received from transferors. Such terms and conditions, and the terms and conditions of this operating circular and our schedule of time limits, will apply to this Bank's handling of transfer items and requests for transfer items.

Issuance of Transfer Items and Requests for Transfer Items

5. Subject to the applicable provisions of this circular, transferors maintaining or using accounts with an office of this Bank may issue transfer items or requests for transfer items to that office, in accordance with the provisions of this operating circular: *Provided*, That each transferor, other than a Federal Reserve Bank, using our wire transfer of funds facilities shall maintain with this Bank a balance of actually and finally collected funds in accordance with Section 210.57(a) of Subpart B; and *Provided further*, That this Bank may in its discretion refuse to act upon a transfer item at any time when this Bank has reason

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to believe that the balance in the account maintained or used by such transferor is not sufficient to cover such item.

6. Transferors must follow such formats as may be prescribed by this Bank for transfer items or requests for transfer items.

7. Except with the approval of this Bank, the text of any such transfer item may not exceed a maximum of 380 characters including punctuation, third party information, and any other appropriate instructions. While transfer items and requests for transfer items will be accepted by us only from transferors and funds will be transferred only to transferees, funds may be designated by means of descriptive third party information for the use of any beneficiary.

8. Transfers of funds in any amount of \$1,000 or over will be made without charge. A service charge of \$1.50 shall be imposed on a transferor, other than a Federal Reserve Bank or the Federal government, in connection with transactions involving transfers of under \$1,000. Such charges may be made to the transferor's account on our books.

9. Transfer items and requests for transfer items will be accepted only if we are thereby instructed to transfer funds on this Bank's business day of receipt.

10. Transfer items may be issued to us by means of electronic telecommunications arrangements made with this Bank, or, in unusual circumstances and in the discretion of this Bank, in other media approved by Section 210.53 of Subpart B. A transfer item contained in a letter, memorandum, or similar writing must be duly signed by an authorized officer of the transferor whose signature is on file with this Bank. Transfer items must be authenticated at the time of their issuance by the transferor's use of such codes or procedures as may be prescribed by this Bank.

Requests by Telephone for Transfers of Funds

11. Upon arrangement with this Bank, requests for transfers of funds may be made by telephone. Such requests must be authenticated at the time of their issuance by the transferor's use of such codes or procedures as may be prescribed by this Bank, and such requests may be automatically recorded. We reserve the right to require a transferor to confirm its request by a letter of confirmation over authorized signature(s). If a transferor issues a communication in the form of a transfer item without expressly indicating that it is a confirmation, we may treat the communication as a transfer item and will assume no liability for loss resulting from a transfer of funds based on that communication.

12. If a transferor of a transfer item or request for a transfer item instructs this Bank or any other Federal Reserve Bank to transfer funds under conditions different from those imposed by the provisions contained in this operating circular, in the operating circular, letter, or bulletin of the transferee's Federal Reserve Bank, or in Subpart B, this Bank reserves the right to refuse to accept and act upon any such item or request.

Handling of Transfer Items and Requests for Transfer Items

Method of Executing Transfers of Funds

13. Where the transferor and transferee maintain or use accounts at the same office of this Bank, such office upon receiving a transfer item or a request for a transfer item shall execute a transfer of funds to the transferee by making corresponding debit and credit entries on its books.

14. In the case of an interoffice transaction, the office first receiving the transfer item or request for a transfer item shall debit the transferor's account in the amount to be transferred and, acting as a transferor, shall issue to the Federal Reserve office at which the transferee's account is maintained a matching transfer item in the same amount and payable to the same transferee and beneficiary, if any, as designated by the transferor.

15. Notice of any significant delay in executing transfers of funds will be communicated to transferors within a reasonable time after this Bank obtains knowledge of such delay.

16. While this Bank will handle transfer items and requests for transfer items promptly and it is expected that a transfer of funds will be consummated on the business day requested when such items and requests are received before the closing hours established in the Appendix to Operating Circular No. 10, no representation of such consummation is made by this or any other Federal Reserve Bank to or through which a transfer of funds is to be made. This Bank will not be responsible to the transferor or to any other person for any loss or delay resulting from action taken by us in handling an item on the basis of any improper or erroneous routing number inserted thereon by the transferor or any other improper or erroneous designation appearing thereon, whether or not consistent with the routing number.

Closing Hours

17. The Appendix to Operating Circular No. 10 contains a schedule of time limits showing the latest hours on each business day (the closing hours) at which this Bank will accept transfer items and requests for transfer items. Items and requests received after the applicable closing hours will, except as provided in the paragraph 18 below, be considered received the following business day.

18. When, after the applicable closing hour, an office of this Bank receives a transfer item or request for a transfer item for consummation on the day of receipt, this Bank may, in its discretion, complete the transfer on that day, by debiting and crediting the accounts of the transferor and the transferee on its books, if both are maintained at that office, or, if not, may issue a transfer item to the Federal Reserve office at which the transferee's account is maintained, in which case the completion of the transfer on that day shall be discretionary with that office.

Advices of Credit and Debit

19. Advice of credit with respect to a transfer of funds will be sent or made available to the transferee by the office of this Bank with which it maintains or uses an account. When the transferor or transferee has

so requested and this Bank deems such action appropriate, or when in the judgment of this Bank, the nature of the transaction or the amount involved justifies such action, advice of credit will be given to such transferee by telephone, telegraph, or other form of electronic telecommunications. Authentication of an advice of credit given by telephone or telegraph should be made by the transferee at the time of receipt of the advice in accordance with arrangements made with this Bank. In the event of a discrepancy between an advice given by telephone, telegraph, or other form of electronic telecommunications and one given in an advice of credit accompanying or contained in a statement mailed or delivered by this Bank, a member bank shall be deemed to have approved the credit reflected in the mailed or delivered advice unless written objection is sent to this Bank within 10 calendar days following receipt by the transferee of such mailed or delivered advice.

20. The office of this Bank with which the transferor maintains or uses an account will send to the transferor an advice of debit. Such advice should be carefully examined by the transferor upon receipt, and any exceptions noted should be reported immediately to this Bank. If within 10 calendar days after the transferor receives an advice of debit, it fails to send to the office of this Bank with which it maintains or uses an account written objection to such debit, the transferor shall be deemed to have approved such debit.

Final Payment; Transferee's Right to Withdraw or Use Funds; Transferee's Agreement; Notice Requirement

21. A transfer item is finally paid when the transfer item is sent or delivered to the transferee, or when advice of credit is given to the transferee by a Federal Reserve Bank, whichever event occurs first.

22. Upon such final payment, the transferee shall have the right to withdraw or use funds which have been credited to its account in connection with a transfer of funds: *Provided*, That this right is subject to the right of a Federal Reserve Bank to apply transferred funds to an obligation owed to it by the transferee.

23. As provided by Section 210.56 of Subpart B, a transferee, receiving from this Bank the amount of a transfer item that designates a beneficiary, shall be deemed to agree:

(a) that it will promptly credit said beneficiary's account or otherwise make the amount of the transfer item available to the beneficiary for withdrawal or other use; and

(b) that, if the transferee is unable to do so, it will give prompt notice of the facts to the office of this Bank with which it maintains or uses an account and that office in turn will give such notice to its transferor.

Requests for Revocation of Transfer Items and Requests for Return of Funds

24. A transferor that has issued a transfer item or request for a transfer item to the office of this Bank with which it maintains or uses an account may subsequently issue to such office a request for revocation

of such item or request. Such request for revocation must be authenticated by the use of such codes or procedures as may be prescribed by this Bank. Such office, upon receipt of such a request for revocation, may cancel such item if the request is received at such time and in such manner as to afford such office a reasonable opportunity to act. If the item is not so cancelled:

(a) where the transferor and transferee maintain or use accounts at the same office of this Bank, such office may, in its discretion, upon request from the transferor, send a request to the transferee to return the funds previously transferred, or

(b) in the case of an interoffice transaction, such office may, in its discretion, upon request from the transferor, send a request to the Federal Reserve office at which the transferee maintains or uses an account to request the transferee to return funds previously transferred.

25. To correct an erroneous or otherwise irregular transfer of funds, this Bank, upon its own initiative or at the request of another Federal Reserve Bank, may send a request to the transferee to return funds previously transferred to it.

General

26. Transferors issuing transfer items by electronic telecommunications arrangement made with this Bank are advised to audit control procedures to ascertain that their transfer items have been accepted by this Bank's telecommunications and processing equipment.

27. Transferors and transferees should prevent the disclosure outside of such institution, or within it except on a "need to know" basis, of any of the codes or other security procedures relating to transfers of funds. If the confidentiality of such procedures is compromised, the transferor or transferee should notify this Bank immediately.

Liability of the Federal Reserve Bank

28. The attention of transferors and transferees is directed to Section 210.64 of Subpart B which sets forth the limitations on the responsibilities and the liability of a Federal Reserve Bank with respect to transfers of funds.

Revision of this circular

29. The right is reserved to withdraw, to add to, or to amend, at any time, as to any or all transferors and transferees, any of the provisions of this circular and of this Bank's Schedule of Time Limits.

Effect of this circular on previous circular

30. This circular supersedes Operating Circular No. 10, Revised effective April 19, 1974, and the First Supplement thereto, dated June 14, 1977.

PAUL A. VOLCKER,
President.

FEDERAL RESERVE BANK OF NEW YORK

[Appendix to Operating Circular No. 10
Effective September 1, 1977]

SCHEDULE OF TIME LIMITS FOR WIRE TRANSFERS OF FUNDS

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

1. This Appendix to Operating Circular No. 10 is issued pursuant to Sections 210.59 and 210.65 of Subpart B of Regulation J and sets forth the latest hours on each business day at which this Bank will receive and accept transfer items and requests for transfer items.

Closing Hours

Interdistrict transfers

2. Transfer items and requests for transfer items by telephone will be received and accepted by this Bank until 3 p.m. Eastern time on each business day. This Bank may, in its discretion, receive and accept, on any business day after 3 p.m. Eastern time, such items and telephonic requests on that business day, but only upon the understanding that the completion of any such transfer of funds will be at the discretion of the transferee's Federal Reserve Bank.

Intradistrict transfers

3. Transfer items and requests for transfer items by telephone will be received and accepted by this Bank until 4 p.m. Eastern time. This Bank may, in its discretion, receive and accept, on any business day after 4 p.m. Eastern time, such items and telephonic requests on that business day.

Extensions of Time Limits

4. Requests for extensions of the 3 p.m. or the 4 p.m. closing hour may be granted by this Bank in its discretion in any of the following circumstances:

- (a) Breakdown of telephone service or of this Bank's telecommunications system;
- (b) Delay in closing hours for securities transfers; or
- (c) Other unusual or unanticipated circumstances.

Telephone requests for extensions of the closing hour may be made to the Head Office of this Bank by calling 212-791-5067 or 212-943-1321, or to its Buffalo Branch by calling 716-849-5064.

5. On Wednesday, or, if Wednesday is a legal holiday, on the preceding business day, a 30-minute settlement period will follow the clos-

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ing hour or the extended closing hour, if such closing hour is extended in accordance with paragraph 4, for the receipt of intradistrict items or requests to assist member banks in settling their reserve account balances. During this settlement period, only transfer items or telephonic requests for transfers of funds to the accounts of other member banks on our books will be accepted; items and requests designating beneficiaries will not be accepted during this period.

Revision of this appendix

6. This Bank reserves the right at any time, with or without notice, to amend any of the provisions of this circular or otherwise to put into effect closing hours other than those herein set forth.

PAUL A. VOLCKER,
President.