

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 8507 ]  
January 31, 1979

Telephone Advices of Third-Party Wire Transfers

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

Enclosed is a copy of the First Supplement, effective February 1, 1979, to this Bank's Operating Circular No. 10, entitled "Wire Transfers of Funds." The supplement amends paragraph 19 with respect to telephone advices of third party transfers.

Under the new provision, banks that receive telephone advices of wire transfer credit from this Bank containing third party information or other special instructions are urged to confirm such advices by return telephone call *before making the proceeds available for withdrawal or other use*. If a bank fails to make such confirmation, that bank assumes all risk of loss resulting from the failure.

This change is part of the Federal Reserve System's continuing effort to enhance the security of the wire transfer network, particularly for those transfers involving third party information. We strongly recommend that banks adopt this "call back" procedure and also take this opportunity to review their existing control procedures for the processing of both incoming *and outgoing* wire transfers. Telephone No. 212-791-5069 or 5070 at the Head Office, or Telephone No. 716-849-5005 or 5006 at the Buffalo Branch, should be used to confirm advices under the new procedure.

If you have any questions concerning this matter, please call, at the Head Office, Henry F. Wiener, Manager, Funds Transfer Department (Tel. No. 212-791-5079) or Charles J. Mineer, Chief, Funds Transfer Division (Tel. No. 212-791-5073); or, at the Buffalo Branch, Robert J. McDonnell, Operations Officer (Tel. No. 716-849-5022).

PAUL A. VOLCKER,  
*President.*



**FEDERAL RESERVE BANK  
OF NEW YORK**

First Supplement to  
Operating Circular No. 10  
(Revised effective September 1, 1977)  
Effective February 1, 1979

**WIRE TRANSFERS OF FUNDS**

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

Effective February 1, 1979, paragraph 19 of Operating Circular No. 10 is amended to read as follows:

***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 telecommunication. 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. The transferee is urged to confirm, by return telephone call or by other means in accordance with such arrangements, a telephonic advice of credit that contains third party information, or other special instructions, prior to making the proceeds of the transfer available for withdrawal or other use. If such a confirmation is not made, the transferee shall assume all risk of loss resulting from failure to make such confirmation. In addition, in all cases where there is a discrepancy between an advice given by telephone, telegraph, or other form of electronic telecommunication 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 the office of this Bank with which it maintains or uses an account within 10 calendar days following receipt by the transferee of such mailed or delivered advice.

PAUL A. VOLCKER,  
*President.*

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