

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 8656
October 15, 1979

SHORT-TERM SERVICE DISRUPTIONS

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

The Federal Reserve Banks are developing contingency plans aimed at providing uniform levels of essential service in the event of short-term disruptions of normal operations. For this purpose, a short-term service disruption is one that is expected to impair some or all Reserve Bank operations for a period of four hours or longer. During such periods, the Reserve Banks will attempt to maintain minimum levels of service for funds transfer operations, securities transactions (including interdistrict transfers), Federal recurring payments and other ACH transactions handled by Reserve Banks, and such other essential services as may be required by the financial community.

When a disruption occurs, the Reserve Banks may choose to extend deadlines, limit the dollar value of transactions, or limit the types of transactions that will be handled in order to be able to provide for an orderly, though limited, continuation of service for the period of the disruption.

Actions that may be employed by this Bank during a service disruption include the following:

Funds transfers (Refer to Operating Circular No. 10 for information on funds transfer transactions.)

1. Extend closing hours to a maximum of about 3 additional hours, as appropriate to the emergency situation.
2. Handle only bank-to-bank transfer requests.
3. Limit the dollar value of transactions by an amount appropriate to the emergency situation.
4. Institute a limited manual clearing arrangement for certain on-line banks while providing net settlement at end of day.

Interdistrict securities transfers and other securities transactions (Refer to Operating Circulars Nos. 14, 17, and 21 for information on securities transactions.)

1. Extend closing hours to a maximum of about 3 additional hours.
2. Limit the dollar value of transactions by an amount appropriate to the emergency situation.
3. Require hard copy instructions from member banks.
4. Institute a limited manual clearing arrangement for certain on-line banks while providing net settlement at end of day.
5. Continue U.S. Treasury financing operations to the extent possible.

Federal recurring payments transactions (Refer to Operating Circular No. 11 for information on Federal recurring payments.)

Extend time for processing up to a maximum of about 6 additional hours. (Note that this may result in delays in scheduled deliveries.)

Modifications in our contingency plans will be made from time to time; accordingly, we expect to advise you of additional developments and details about those plans in the future. Moreover, should an emergency occur, we will keep you informed by whatever means are available so that you can adjust your operations.

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All Reserve Banks are taking steps to improve their preparations for emergency operations; by July 1980 all Reserve offices expect to be able to sustain specified minimum levels of service. In the meantime, if you desire additional information on the details of our planning efforts, please call the appropriate officer indicated below:

Funds Transfers.....Henry F. Wiener (212-791-5079)

Securities Transfers Jorge A. Brathwaite (212-791-5818)

Federal Recurring Payments Carl W. Turnipseed (212-791-6838)

Additional copies of this circular will be furnished upon request.

THOMAS M. TIMLEN,
First Vice President.