

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N.Y. 10045

AREA CODE 212 791-6085

THOMAS C. SLOANE
SENIOR VICE PRESIDENT
AND
SENIOR ADVISER

ATCIR No 8945
October 30, 1980

To Officers in Charge of U.S. Branches
and Agencies of Foreign Banks in
the Second Federal Reserve District,
and Others Concerned:

As you may know, the International Banking Act provides foreign branches and agencies with access to Federal Reserve services on November 13, 1980 when they begin to maintain reserves with us. These include: wire transfer of funds and securities, net settlement, check collection, automated clearing house (ACH), currency and coin transportation, securities (purchase and sale, safekeeping and transfer), and noncash collection services. Access to this Bank's discount window for borrowings is already available under Federal Reserve Regulation A, as revised effective September 1, 1980. Services, other than discount window borrowings, will be available initially free of charge. However, beginning in January 1981, this Bank expects to begin phasing in charging on a per item basis for each service class, under our fee schedule.

From preliminary survey responses we have received, our wire transfer of funds and securities services are of particular interest to branches and agencies of foreign banks in this District. The funds transfer service enables institutions to transfer immediately available balances held at this Bank directly to other depository institutions in this country that maintain funds accounts at Reserve Banks. In a similar manner, the securities transfer service enables institutions to transfer book-entry U.S. Government and eligible Government agency securities directly to other depository institutions that maintain securities accounts at Reserve Banks.

The purpose of this letter is to inform you of the policies and procedures associated with our provision of these two services, and to determine, through the enclosed questionnaire, the number of institutions that may request access to these services. Additionally, it is important for us to know the present volumes of funds and securities transfers processed by institutions planning to use our services.

With respect to funds transfer services, we expect to announce in the near future policies for monitoring the accounts on our books of all branches and agencies of foreign banks to control what are commonly referred to as "daylight overdrafts." For an initial period, beginning on November 13, 1980, we propose to extend to branches and agencies of foreign banks the same monitoring and control policies now in effect for Second District Edge corporations. Under this policy, a funds transfer cannot be sent unless your institution has collected funds in its account sufficient to cover the funds transfer at the time it is initiated. The implications of this monitoring policy should be carefully reviewed by each institution prior to requesting access to our funds transfer services.

Institutions have access to our funds and securities transfer services in two ways. Larger volume institutions have on-line access to the Fedwire system via communications terminals or computer-to-computer connections. Institutions with smaller volume have off-line access to these services and telephone their requests for transfers to our Funds Transfer and Securities Clearance Departments, respectively.

Over the next five or six months only a limited number of terminals that can be used for on-line access will be available for installation. Although sufficient quantities of our new DART terminals should be available by late in the first quarter of 1981, it will be necessary to allocate the existing supply of terminals to those institutions with the greatest volume. Our preliminary estimates indicate that an institution will have to originate at least 50 to 100 funds and securities transfers daily to be considered for a terminal installation. Institutions that do not receive a terminal will be able to obtain access to our funds and securities transfer services by telephone.

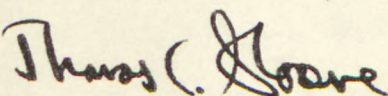
To assist us in allocating the limited number of available terminals, and to provide us with estimates of off-line funds and securities transfer volume, we ask that you complete the enclosed questionnaire and return it to our Funds Transfer Department by November 5, 1980. Since there is a three-month lead time for the installation of a terminal, it is important that you provide us with this information as soon as possible.

Any additional questions concerning our funds and securities transfer services should be directed to Henry F. Wiener, Manager, Funds Transfer Department (Tele. No. 212-791-5079) and Jorge A. Brathwaite, Assistant Vice President, Government Bond and Safekeeping (Safekeeping and Securities Clearance Departments) (Tele. No. 212-791-5818), respectively. Questions concerning account monitoring should be directed to John J. Strick, Manager,

Accounting Department (Tele. No. 212-791-5228). Questions on access and use of other Federal Reserve services should be directed to the following individuals at this Bank:

<u>Check Collection</u>	Janet L. Wynn Manager Check Processing Department	212-791-5321
<u>Automated Clearing House (ACH) Services</u>	Carl W. Turnipseed Electronic Payments Officer	212-791-6838
<u>Currency and Coin</u>	Joseph F. Donnelly Manager Cash Services Department	212-791-5049
<u>Safekeeping and Noncash Collection</u>	Angus J. Kennedy Manager Safekeeping Department	212-791-7726
<u>Net Settlement</u>	Henry F. Wiener Manager Funds Transfer Department	212-791-5079
<u>Discount Window</u>	Eugene P. Emond Manager Credit and Discount Department	212-791-6146
<u>General Information</u>	Jane L. Detra Bank Relations Officer	212-791-6070

Sincerely,


Thomas C. Sloane

Enclosure

FEDERAL RESERVE BANK OF NEW YORK

FUNDS AND SECURITIES TRANSFER SERVICE QUESTIONNAIRE

Name of Institution _____

Address _____

Nine-Digit ABA Number _____

Name and Telephone Number of
Individual to Contact Concern-
ing this Questionnaire _____

The purpose of this questionnaire is to determine which institutions will request direct access to Federal Reserve funds and securities transfer services and to obtain information about the transaction volume of those institutions that will request direct access. Please indicate below whether or not your institution will request direct access to these services. If your institution indicates yes for either or both of these services, please also indicate the approximate date it will request that this direct access become effective. This questionnaire should be returned by November 5, 1980 to the individual indicated on page 2 regardless of whether or not your institution will request direct access to these services.

Funds Transfer No ___ Yes ___ Desired Effective Date _____

Securities Transfer No ___ Yes ___ Desired Effective Date _____

Please complete the following four questions if you answered yes for either service above:

1. Will your institution request an on-line terminal for access to either or both of the above services?

Yes ___ No ___

2. What is the current average daily volume of your funds and securities transfer transactions being processed via Fedwire by your correspondent(s)?

Funds Transfers Originated _____ Received _____

Securities Transfers Originated _____ Received _____

3. Does your institution currently effect funds transfers by means other than through correspondent(s) via Fedwire? If yes, please indicate the method(s) used and the average daily transaction volume.

Yes No

Comments: _____

4. What is the average daily number of funds and/or securities transfer transactions that your institution expects to originate and receive when it begins to use these services directly?

Funds Transfers Originated _____ Received _____

Securities Transfers Originated _____ Received _____

Please return this questionnaire by November 5, 1980 to:

Henry F. Wiener, Manager
Funds Transfer Department
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045