

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 9060]
April 27, 1981

ADOPTION OF NEW WIRE TRANSFER SCHEDULE

Effective May 1, 1981

To All Depository Institutions, and Others Concerned,
in the Second Federal Reserve District:

In our Circular No. 9036, dated March 17, 1981, we requested comments on our proposals concerning the cutoff for intradistrict third-party transfers in this District and the deadlines for accepting transfer requests from off-line institutions.

The comments received indicated some confusion as to the definition of settlement transfers. In view of this apparent confusion, we have defined the two broad categories of the Fedwire funds transfer service as follows:

Funds Transfers—Fedwire transfers of funds between a transferor and transferee for their own accounts, or for the account of any customer on the books of the transferor or transferee.

Settlement Transfers—Fedwire transfers of funds between a transferor and transferee for their own accounts, or for the account on the books of the transferor or transferee of a respondent subject to Federal Reserve reserve requirements.

In order to differentiate settlement transfers from other transfers, the Federal Reserve System has adopted, effective May 1, 1981, a new type code—Type Code 16—for settlement transfers. Although all types of Fedwire transfers of funds, including type code 16 settlement transfers, can be sent prior to 4:30 p.m., only type code 16 settlement transfers can be sent during the 4:30 p.m. to 6:30 p.m. settlement period, and these settlement transfers may contain third-party information relating only to respondents subject to Federal Reserve reserve requirements.

Following consideration of the comments received on the proposal referred to above, this Bank has adopted the following cutoff for intradistrict funds transfers and deadlines for off-line institutions.

(a) *4:30 p.m. cutoff for intradistrict funds transfers*—Almost all of the comments received favored a 4:30 p.m. cutoff for these transfers. Most of the comments received from larger users expressed concern about their ability to meet this cutoff on those occasions when this Bank finds it necessary to restrict incoming traffic from these larger users during peak hours because of our capacity limitations. These larger users felt that extensions should be granted when their incoming traffic has been restricted in such a way as to reduce their transmission capacity. In the short term, we plan to consider requests for extensions of our 4:30 p.m. cutoff for intradistrict funds transfers whenever we have significantly restricted incoming traffic. Since severe peak hour overload can occur after additional capacity is installed, the longer-term solution to this problem will require these larger users to spread their traffic more evenly over the normal wire transfer operating hours. We will begin to work with these larger users in the next few months to achieve the mutual benefits of this solution as soon as possible.

(b) *3:30 p.m. funds transfer and 6 p.m. settlement transfer deadlines for off-line institutions*—The few off-line institutions that commented on our proposals felt that the proposed 5:30 p.m. deadline for accepting settlement transfer requests from off-line institutions would give on-line institutions a competitive advantage and inhibit the ability of off-line institutions to manage their overall funds position. In view of these comments and the fact that we do not expect to receive a heavy volume of settlement transfer requests from off-line institutions, we have adopted a 6 p.m. deadline for the acceptance of settlement transfer requests from off-line institutions.

To facilitate the settlement process, access to the discount window will be available until the close of the funds transfer system each day, in order to provide for unanticipated funding needs that cannot reasonably be met through normal sources. We expect that institutions that are

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not active participants in the money market will continue to determine and satisfy their funding requirements earlier in the day and, in normal circumstances, to request any discount window advances at that time.

Amendments to Appendix A to our Operating Circular No. 8 and Appendix A to our Operating Circular No. 9, reflecting these and other changes resulting from the implementation of the new schedule for wire transfers of funds effective May 1, 1981, are enclosed.

Questions concerning these or any other matters relating to the new schedule for wire transfers of funds may be directed to Whitney R. Irwin, Vice President, Cash Processing Function (Tel. No. 212-791-5810) or Henry F. Wiener, Manager, Funds Transfer Department (Tel. No. 212-791-5079) at the Head Office; or Robert J. McDonnell, Operations Officer (Tel. No. 716-849-5022) or Philip G. Coletti, Chief, Accounting Division (Tel. No. 716-849-5064) at our Buffalo Branch.

ANTHONY M. SOLOMON,
President.

FEDERAL RESERVE BANK
OF NEW YORK

Second Supplement to
Operating Circular No. 8
(Revised effective November 13, 1980)
April 27, 1981

WIRE TRANSFERS OF FUNDS

New Time Schedule

*To All Depository Institutions in the
Second Federal Reserve District, and Others Concerned:*

Effective May 1, 1981, Appendix A to Operating Circular No. 8 is amended by deleting paragraphs 2 through 5 thereof and substituting the following paragraphs:

Closing hour

Interdistrict transfers

2. This Bank accepts interdistrict transfer items (on-line instructions) until 4:30 p.m., Eastern Time, and interdistrict transfer requests (telephonic instructions) until 3:30 p.m., Eastern Time, each business day. In its discretion, this Bank may accept interdistrict transfer items and requests after these times, but the completion of such transfers is also at the discretion of the transferee's Reserve Bank.

Intradistrict transfers

3. This Bank accepts intradistrict transfer items (on-line instructions) until 4:30 p.m., Eastern Time, and intradistrict transfer requests (telephonic instructions) until 3:30 p.m., Eastern Time, each business day. In its discretion, this Bank may accept intradistrict transfer items and requests after these times.

Settlement period

4. This Bank accepts settlement transfer items (on-line instructions) until 6:30 p.m., Eastern Time, and settlement transfer requests (telephonic instructions) until 6 p.m., Eastern Time, each business day. A settlement transfer is a transfer between a transferor and transferee for their own accounts, or for the account on the books of the transferor or transferee of a respondent subject to Federal Reserve reserve requirements. A settlement transfer must be identified with type code 16, and may contain third party information relating only to such respondents. Settlement transfers may be used to adjust for net settlement transactions.

ANTHONY M. SOLOMON,
President.

[Enc. Cir. No. 9060]

FEDERAL RESERVE BANK
OF NEW YORK

Appendix A to
Operating Circular No. 9
(Revised effective May 1, 1981)

TIME AND FEE SCHEDULES
FOR NET SETTLEMENT ARRANGEMENTS

*To All Depository Institutions in the
Second Federal Reserve District, and Others Concerned:*

Time Schedule

Organizations participating in net settlement arrangements must begin to submit settlement transaction detail to us by 5 p.m., Eastern Time, or at such earlier time as in the judgment of this Bank will insure completion of all transactions by 6 p.m., Eastern Time.

Fee Schedule

The following fee schedule has been established for the settlement of each balance for all settlement arrangements offered by this Bank, whether or not governed by Operating Circular No. 9:

Basic settlement charge per entry \$0.80

Surcharges:

Settlement originated off-line \$2.70

Telephone advice requested \$1.80

ANTHONY M. SOLOMON,
President.

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