

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. **10649**]
August 6, 1993]

PROPOSAL TO EXPAND CERTAIN FEDWIRE OPERATING HOURS

Final Action on Proposal Postponed

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

In October 1992, the Board of Governors requested comment on a proposal to change the opening time for the Fedwire funds transfer service from 8:30 a.m. Eastern Time to 6:30 a.m., effective October 4, 1993. That proposal was sent to you with our Circular No. 10586, dated October 21, 1992. As a result of certain issues raised by those who commented on the proposal, the Board of Governors is delaying final action pending further analysis. Printed on the reverse side is the text of the Board's notice in this matter, as published in the *Federal Register* of July 28.

Questions may be directed to Henry F. Wiener, Assistant Vice President, Electronic Payments Function (Tel. No. 212-720-5079).

WILLIAM J. McDONOUGH,
President.

(OVER)

FEDERAL RESERVE SYSTEM

Federal Reserve Bank Services

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: On October 14, 1992, the Board requested comment on a proposal to change the opening time for the Fedwire funds transfer service from 8:30 a.m. Eastern Time (ET) to 6:30 a.m. ET, effective October 4, 1993. The Board is announcing a delay in taking final action on the proposal pending further analysis of the complex issues raised by commenters. Therefore, no changes in Fedwire operating hours will take place on October 4, 1993. Staff has initiated a study of issues related to the operating hours of the Fedwire funds and book-entry securities transfer services, especially the role of Fedwire in enhancing clearance and settlement practices in financial markets.

FOR FURTHER INFORMATION CONTACT: John H. Parrish, Assistant Director (202/452-2224), Division of Reserve Bank Operations and Payment Systems, Board of Governors of the Federal Reserve

System, or Bruce J. Summers, Senior Vice President (804/697-8456), Federal Reserve Bank of Richmond. For the Hearing impaired only, Telecommunication Device for the Deaf (TDD), Dorothea Thompson (202/452-3544), Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551.

SUPPLEMENTARY INFORMATION: On October 14, 1992, the Board requested comment on a proposal to change the opening time for the Fedwire funds transfer service from 8:30 a.m. Eastern Time (ET) to 6:30 a.m. ET, effective October 4, 1993. The Board also requested comment on the opening time for the book-entry securities transfer service. In addition, the Board requested comment on the further expansion of Fedwire operating hours in the long-term, including opening the Fedwire funds transfer services earlier than 6:30 a.m. ET and/or closing these services later than the current 6:30 p.m. ET close. Comment on the further expansion of Fedwire operating hours was solicited to help evaluate the potential need for significantly expanded operating hours (i.e., 24-hour payment operations) to facilitate risk reduction associated with certain

international financial transactions.

The issues raised by commenters were sufficiently complex as to warrant further analysis and review.

Commenters expressed considerable interest in the Federal Reserve's longer term approach regarding Fedwire operating hours and requested the Federal Reserve to share its approach with the public. Toward this end, Federal Reserve staff is undertaking a study of the issues raised and the associated public policy concerns. The Board intends for the staff to discuss with various industry representatives and other interested parties issues

related to the future development of Fedwire. The Board plans to communicate to the public the results of the staff efforts in order to stimulate further industry response to the issues associated with expanded operating hours and, more generally, on the potential role of the Fedwire payment system.

By order of the Board of Governors of the Federal Reserve System, July 22, 1993.

William W. Wiles,

Secretary of the Board.

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