

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. **10691**  
February 22, 1994 ]

**BOOK-ENTRY SECURITIES**  
**Uniform Operating Circular on**  
**Account Maintenance and Transfer Services**

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

Since 1967, each Federal Reserve Bank has issued an operating circular describing the terms and conditions for use of the book-entry securities safekeeping and transfer service by depository institutions. While the level of service by the Reserve Banks was consistent in many respects, there were some minor differences in the conditions for use and operating procedures.

The Federal Reserve Banks have now developed consistent service levels for the book-entry securities safekeeping and transfer service and are issuing the enclosed uniform operating circular, "Book-Entry Securities Account Maintenance and Transfer Services." This operating circular will be used by all Reserve Districts and will become effective on March 1, 1994.

Although this operating circular should have minimal impact on the operations of your institution, please review it carefully to determine whether changes to your operating procedures are necessary. One noteworthy new procedure appears in paragraph 9 of the circular. This paragraph requires off-line receivers to provide prior instructions to the Reserve Bank to receive a book-entry securities transfer. If the receiver has not given prior instructions to receive the transfer to the Reserve Bank, the transfer will be returned to the sender as promptly as possible. Under this procedure, Federal Reserve Bank ("FRB") staff will no longer attempt to call the receiver to determine whether or not a transfer was expected before returning it, if prior instructions to receive have not been given. This procedure reduces the potential for extended daylight overdrafts due to receipt of unexpected book-entry securities transfers.

Because this procedure represents a fairly significant change from the current practice of calling the receiver to determine if the transfer was expected, it will be phased in over a six-month period in this District. Accordingly, until September 1, 1994, when a receiver that is an off-line depository institution receives a book-entry securities transfer without previously having instructed this Bank to receive it, FRB staff will contact the receiver to inform it that securities have been deposited to its account. FRB staff will also remind the receiver of the need to instruct the Reserve Bank prior to the expected transfer. Beginning September 1, 1994, FRB staff will no longer call the receiver to determine whether a transfer was expected and will return any book-entry security transfer for which prior instructions to receive were not given. Prior instructions to receive are not required for securities "reversed" to off-line depository institutions. Securities reversed to a depository institution will be deposited to its account. FRB staff will then notify the depository institution by telephone.

(OVER)

A second operational change involves the use of four-party callback procedures to validate instructions given by telephone. Four-party callback is a security procedure which requires the involvement of two depository institution employees and two FRB employees to accept and verify all off-line telephone instructions to send and receive book-entry securities transfers. Each depository institution will be required to provide the FRB with a list of individuals authorized to provide and verify these instructions. A telephone transfer instruction will not be executed until the instruction has been verified in accordance with the four-party callback procedure.

Both of the above operational changes, as well as certain other changes affecting off-line procedures, will be more fully described in a separate letter which will be mailed to your institution shortly.

The enclosed operating circular amends and supersedes our Operating Circular No. 21 effective December 12, 1977, and Operating Circular No. 21A effective January 25, 1984, together with their supplements and appendices.

A depository institution that has executed a letter agreeing to the terms of Operating Circular No. 21A thereby has agreed to the terms of this circular. Other depository institutions must execute the letter agreement attached as an Exhibit to this operating circular.

Please review the enclosed circular and call Gerald V. Lombardo, Manager, Securities Transfer Department (Tel. No. 212-720-5380) or Steve Giblin (Tel. No. 212-720-7932) with any questions you may have.

WILLIAM J. McDONOUGH,  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ **Operating Circular No. 21**  
**Effective March 1, 1994** ]

**BOOK-ENTRY SECURITIES ACCOUNT  
MAINTENANCE AND TRANSFER SERVICES**

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

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### PURPOSE, SCOPE AND EFFECT OF THIS CIRCULAR

1. This Operating Circular ("Circular") sets forth the terms and conditions under which the Federal Reserve Bank of New York maintains Securities Accounts and effects Transfers of Book-Entry Securities for Participants. By maintaining a Securities Account, a Participant agrees to accept and be bound by all the provisions of this Circular and its Appendices, as amended from time to time. Capitalized terms are defined in Paragraph 3.

### GOVERNING REGULATIONS

2. This Circular incorporates by reference the provisions of the regulations listed in Appendix A as such regulations and as such Appendix are amended from time to time.

### DEFINITION OF TERMS

3. For purposes of this Circular, the following definitions apply. Where the context so requires, the singular includes the plural, and the plural includes the singular. Headings are for convenience only and do not constitute substantive provisions of this Circular.

- (a) "Bank" means the Federal Reserve Bank issuing this Circular and any or all of its branches.
- (b) "Board" means the Board of Governors of the Federal Reserve System.
- (c) "Book-Entry Security" means a marketable security issued in electronic form by the United States Government (the "Treasury"), any agency or instrumentality thereof, certain international organiza-

tions, or others, that the Reserve Banks have determined is eligible to be held in a Securities Account and is eligible for Transfer.

- (d) "Fedwire" means the electronic facility owned and operated by the Reserve Banks for maintaining Securities Accounts and for effecting Transfers.
- (e) "Free Transfer" means a Transfer that does not involve any credit or debit to a Funds Account other than a transaction fee.
- (f) "Funds Account" means a reserve, clearing or other funds deposit account at a Reserve Bank against which debits or credits are posted for Transfers Against Payment, Book-Entry Securities transaction fees, and principal and interest payments.
- (g) "On-Line Access" refers to sending Transfer Messages electronically through a terminal or computer linked directly to this Bank. "On-Line Participant" refers to a Participant with On-Line Access.
- (h) "Off-line Access" refers to other means of sending Transfer Messages to this Bank such as by written, facsimile, or telephone instruction. "Off-line Participant" refers to a Participant with Off-line Access.
- (i) "Participant" refers to any entity that maintains a Securities Account with a Reserve Bank in the entity's name. Subject to the Reserve Banks' and the Board's risk reduction policies, entities authorized by law, regulation, policy, or agreement to be Participants include:
  - (1) depository institutions as defined in Section 19(b)(1)(A) of the Federal Reserve Act, as amended (12 U.S.C. § 461(b)(1)(A));
  - (2) agencies and branches of foreign banks as defined in Section 1(b) of the International Banking Act of 1978, as amended (12 U.S.C. §§3101(1) and (3));
  - (3) member banks of the Federal Reserve System as defined in Regulation H issued by the Board (12 C.F.R. Part 208);
  - (4) the Treasury and any entity specifically authorized by Federal statute to use the Reserve Banks as fiscal agents or depositories;
  - (5) entities designated by the Secretary of the Treasury in accordance with Section 15 of the Federal Reserve Act (12 U.S.C. §391);
  - (6) foreign central banks, foreign monetary authorities, foreign governments, and certain international organizations;
  - (7) entities authorized under Section 25, Paragraph 3, and Section 25A of the Federal Reserve Act (12 U.S.C. §§601 (Third), 611); and
  - (8) any other entity authorized by a Reserve Bank to use Fedwire Book-Entry Securities services.

- (j) "Securities Account" means an account at a Reserve Bank containing Book-Entry Securities held for a Participant.
- (k) "Reserve Bank(s)" means any one or more of the 12 Federal Reserve Banks and their branches as determined by the context.
- (l) "Transfer" means the electronic movement over Fedwire of a par amount of Book-Entry Securities by debit to the designated Securities Account of the Participant sending the Transfer Message (the "Sender") and by credit to the designated Securities Account of the Participant receiving the Book-Entry Securities (the "Receiver"), or by debit to one Securities Account of a Participant and credit to another Securities Account of that same Participant, in which case that Participant is both a Sender and a Receiver. A Transfer is either a Free Transfer or a Transfer Against Payment.
- (m) "Transfer Message" means an instruction of the Participant to a Reserve Bank to effect a Transfer.
- (n) "Transfer Against Payment" means a Transfer which is effected with a credit to the Funds Account of the Sender and a debit to the Funds Account of the Receiver, for the amount of the payment.

## SECURITIES ACCOUNT MAINTENANCE

### General

4. A Participant may have one or more Securities Accounts at this Bank, subject to the terms and conditions required by this Bank. Securities Accounts may be restricted or unrestricted. In addition, a Participant may also have certain types of Securities Accounts for special purposes, subject to the terms and conditions agreed upon between this Bank and the Participant.

### Unrestricted Securities Accounts

- 5. (a) A Participant may hold Book-Entry Securities it owns, as well as Book-Entry Securities it holds for the account of its customers, in one or more unrestricted Securities Accounts. Regardless of the combination or number of unrestricted Securities Accounts maintained by a Participant, all Book-Entry Securities held in any unrestricted Securities Account shall be held by this Bank for, and subject to the sole order of, the Participant.
- (b) A Participant is responsible for maintaining accurate and current records with regard to Book-Entry Securities it holds for its customers in accordance with applicable law. This Bank does not reflect in its records any interest of a Participant's customers in Book-Entry Securities held by this Bank for such Participant. A Participant shall not represent to its customers that this Bank's records reflect the interests of Participant's customers.

### Restricted Securities Accounts

- 6. (a) A Participant may hold Book-Entry Securities pledged as collateral

- for a purpose described in Paragraph 6(b) in one or more restricted Securities Accounts. Credits of Book-Entry Securities to, and debits from, restricted Securities Accounts may require the approval of the pledgee.
- (b) This Bank offers restricted Securities Accounts that include, but are not limited to, the following:
- (1) Restricted Securities Accounts in which this Bank holds Book-Entry Securities in its individual capacity:
    - (i) as collateral for advances (including extension of intra-day credit) by the Bank to the Participant;
    - (ii) as collateral to secure deposits of funds of public entities (including states, municipalities, and other political subdivisions); and
    - (iii) as collateral for bankruptcy funds on deposit with the Participant pursuant to 11 U.S.C. §345 and 31 C.F.R. Part 225, as amended from time to time (Treasury Circular 154).
  - (2) Restricted Securities Accounts in which this Bank holds Book-Entry Securities in its capacity as fiscal agent of the United States:
    - (i) as collateral to secure balances held by the Participant in Treasury Tax and Loan accounts under 31 C.F.R. Part 203, as amended from time to time (Treasury Circular 92);
    - (ii) as collateral for revenues and funds of the United States, and any funds the deposit of which is subject to the control or regulation of the United States or any of its officers, agents, or employees pursuant to 31 C.F.R. Part 202, as amended from time to time (Treasury Circular 176);
    - (iii) as security in lieu of a surety on penal bonds, pursuant to 31 C.F.R. Part 225, as amended from time to time (Treasury Circular 154); and
    - (iv) for such other purposes as this Bank may designate with the approval of the Secretary of the Treasury, subject to Treasury circulars or other relevant instructions.
  - (c) Proceeds of Book-Entry Securities, including interest payments on Book-Entry Securities, held in a restricted Securities Account at maturity or call may be held by this Bank in a non-interest-bearing account until substitute collateral is posted or the pledge is released.

#### **TERMS AND CONDITIONS OF ACCESS**

##### **General**

7. (a) Each Participant is responsible for all access to, and all debits and credits to, its Securities Accounts and its Funds Account. A Partic-

ipant may use the services of a third-party service provider, as defined in and subject to Appendix C to this Bank's Operating Circular No. 8 and the Board's payment system risk reduction policies.

- (b) A Participant must maintain a Funds Account to be a Sender or a Receiver of Transfers Against Payment; this Bank reserves the right:
  - (1) to require a Participant to maintain a balance in its Funds Account on this Bank's books or pledge collateral sufficient at all times to cover Transfers Against Payment for which it is the Receiver,
  - (2) to limit a Receiver to Free Transfers, or
  - (3) to limit Transfers Against Payment or to reject Transfer Messages.
- (c) A Participant that does not have or is not permitted to have a Funds Account in its own name may only be a Sender or a Receiver of Free Transfers and must designate a correspondent with a Fund's Account on a Reserve Bank's books which shall be credited for principal and interest payments on Book-Entry Securities, and debited for transaction fees as described in Paragraphs 23 and 24; this Bank will reject Transfer Messages for Transfers Against Payment to a Participant that does not have a Funds Account or that is only permitted to be a Receiver of Free Transfers.
- (d) The Sender and the Receiver of a Transfer have irrevocably authorized and instructed the Reserve Bank(s) involved in such Transfer to debit the Sender's designated Securities Account and credit the Receiver's designated Securities Account for the par amount of the Book-Entry Securities and credit the Sender's Funds Account and debit the Receiver's Funds Account for the payment in the case of a Transfer Against Payment.
- (e) If this Bank returns a Transfer in the circumstances described in Paragraph 9(b), the Sender and the Receiver of such Transfer irrevocably authorize and instruct the Reserve Bank(s) involved in the Transfer to post debits and credits to the Sender's and the Receiver's Securities Accounts and their corresponding Funds Accounts offsetting those previously made in connection with such Transfer.
- (f) This Bank provides Participants with On-line Access or Off-line Access to Fedwire, described further below, but reserves the right to terminate a Participant's access without prior notice.

#### **Terms and Conditions of On-line Access**

- 8. (a) An On-line Participant must manage its access in order to receive timely acknowledgement of credits and debits to its Securities Accounts and its Funds Account during Fedwire operating hours.
- (b) This Bank assigns a time-stamp identified as Input Message Acknowledgment Data ("IMAD") to each Transfer Message it receives from a Participant. Subject to Paragraph 7(b), if this Bank does not effect a Transfer Against Payment on the date of receipt of a Transfer



Message that has passed appropriate operational edits, when an IMAD has been assigned five minutes or more before Fedwire closes, the Sender is entitled to an as-of adjustment in accordance with Paragraph 22, if its Funds Account has not already been credited.

#### **Terms and Conditions of Off-line Access**

9. (a) A Sender must provide Transfer Messages, and a Receiver must provide matching instructions, in writing or by facsimile transmission under an authorized name on file with this Bank, or by telephone. This Bank shall call the Participant's place of business to verify a Transfer Message or other instruction, may record any telephone call relating to Transfers, and may require verification of all Transfer Messages or other instructions through codeword in its discretion. This Bank is entitled to rely on any Transfer Messages or instructions (whether or not authorized) that it reasonably believes to be genuine.
- (b) If a Receiver has not given matching instructions, this Bank will return the Transfer as promptly as possible by having debits and credits posted to the Securities Accounts and the Funds Accounts offsetting those debits and credits previously made in connection with such Transfer.

#### **Security**

10. A Participant is responsible for preventing disclosure of any codes or other security procedures relating to either On-line Access or Off-line Access, except to those with a need to know. The Participant must notify this Bank immediately if it finds or suspects that the codes or security procedures are compromised, and act to prevent further disclosure.

### **SETTLEMENT OF BOOK-ENTRY SECURITIES TRANSACTIONS**

#### **Finality**

11. (a) Subject to this Bank's right of rejection in Section 7(b), all debits and credits in connection with a Transfer become final at the earlier of: (1) the time such debits and credits are posted to both the Sender's and the Receiver's Securities Accounts and their corresponding Funds Accounts in the case of a Transfer Against Payment, or (2) at the time notice of the Transfer is made available to the Sender and the Receiver. Transfers may be reversed only by a separate Transfer effected by a Transfer Message using the reversal code, or Transfers may be returned by this Bank in accordance with Paragraph 9(b).
- (b) Subject to Paragraph 6(c), this Bank credits payments of principal and interest on Book-Entry Securities to the Participant's (or, subject to prior written agreement, its correspondent's) Funds Account on the due date (or the next business day, if the payment date falls

- on a weekend or holiday) from available funds of the issuer, unless otherwise instructed by the issuer.
- (c) Credits of principal and interest payments on Book-Entry Securities to a Funds Account are final, subject only to this Bank's right to debit or credit such Funds Account (without further authorization or instruction) to correct any payment errors.

### **Credits and Debits of Book-Entry Securities**

12. (a) Book-Entry Securities are credited to a Participant's Securities Account whenever a Participant:
- (1) is a Receiver, or requests that Book-Entry Securities be moved from the TREASURY DIRECT System (described at 31 C.F.R. Part 357.20 *et seq.*) to its Securities Account at this Bank;
  - (2) purchases Book-Entry Securities on original issue; or
  - (3) converts eligible definitive securities to book-entry form or from one book-entry form to another book-entry form.
- (b) Book-Entry Securities are debited to a Participant's Securities Account whenever:
- (1) this Bank effects a Transfer for a Participant that is a Sender, or a Participant requests that Book-Entry Securities be moved into the TREASURY DIRECT System;
  - (2) Book-Entry Securities held in a Securities Account mature or are called for redemption; or
  - (3) a Participant converts eligible Book-Entry Securities to bearer or registered definitive securities or from one book-entry form to another book-entry form in the same amount, series, and maturity date as the Book-Entry Securities.
- (c) Book-Entry Securities can be credited to a Securities Account upon original issue or converted to or from definitive form (bearer or registered) according to relevant regulations and policies of the issuers of the Book-Entry Securities and of the Reserve Banks. Book-Entry Securities are redeemed at maturity or called in accordance with the issuer's instructions.
- (d) Book-Entry Securities can be debited or credited to a Securities Account in accordance with Paragraph 9(b).
- (e) If a Transfer Message does not designate the Securities Account of the Receiver to be credited, Book-Entry Securities will be credited to the Securities Account designated as a default by the Receiver.

### **TRANSFER OF BOOK-ENTRY SECURITIES**

#### **Restrictions on Transfers**

13. (a) Transfers are not authorized on or after the date of maturity of a particular issue, or on or after the redemption date of a bond or note that has been called for redemption. Certain issues may contain re-

restrictions which do not allow Transfers for a specified time period prior to maturity.

- (b) This Bank will not accept instructions from a Sender (or a Receiver) to credit (or debit) a correspondent's Funds Account for a payment in connection with a Transfer Against Payment.

#### **Amount Limitations on Transfers**

- 14. (a) There is a par amount maximum for Transfers stated in Appendix B (the "Limit"). The Limit applies to all Transfers, as well as to transactions with the Federal Reserve's Open Market Desk, except as provided in Paragraph 14(b). This Bank shall reject a Transfer Message with a par amount greater than the Limit.
- (b) The Limit on Transfers does not apply to:
  - (1) Transactions, including the original issuance of Book-Entry Securities and requests to strip and reconstitute Book-Entry Securities, with this Bank in its capacity as fiscal agent of the United States, Federal and Federally-sponsored agencies, or international organizations; and
  - (2) Debits or credits to restricted Securities Accounts on this Bank's books.
- (c) Participants should establish procedures to ensure that large Transfers are not delayed until late in the day. Specifically, each Participant should encourage its customers to provide delivery instructions to it as soon as practical after a trade is executed and to deliver Book-Entry Securities as soon as (par amount) lots of Book-Entry Securities at the Limit are in position.

#### **Transfer Hours and Extensions**

15. This Bank will effect Transfers in accordance with the schedule of operating hours in Appendix B. However, the Reserve Banks may decide in their sole discretion to open or close Fedwire at an earlier time, or extend Fedwire, to facilitate special market needs.

- 16. (a) A Participant requiring an extension of Fedwire operating hours should contact this Bank as soon as possible; however, requests made later than five minutes prior to the scheduled Fedwire close shall not be granted. Extensions may be granted for reasons including, but not limited to, the following:
  - (1) Heavy volume in the Book-Entry Securities market;
  - (2) Failure of Reserve Bank and/or Fedwire network equipment; or
  - (3) Failure of any Participant's (or its customer's) equipment when such failure is deemed disruptive to the securities market as a whole.
- (b) When requesting an extension, the requesting Participant will be required to state the dollar amount and volume of unprocessed

Transfer Messages and to assess the severity of any technical difficulties.

- (c) Every extension of Fedwire is broadcast electronically to all Reserve Banks and all On-line Participants.

### **Notices**

17. This Bank sends each Participant a notice following each credit or debit to its Securities Accounts on this Bank's books. The notice is not a negotiable or a transferable receipt but is merely confirmation of a completed Transfer.

- (a) This Bank sends an On-line Participant an electronic notice of each such debit or credit to its Securities Accounts.
- (b) This Bank sends an Off-line Participant a printed notice of each debit or credit to its Securities Accounts. This Bank will also attempt to notify such Participant by telephone of each such debit or credit.

18. After the close of business, this Bank provides each On-line Participant with:

- (a) a summary of funds debited or credited to the Participant's Funds Account on this Bank's books as a result of Transfers Against Payment; and
- (b) a summary of net balances for each Book-Entry Security issue for which there was activity.

19. Each Participant also receives information detailing principal and/or interest payments credited to its (or its correspondent's) Funds Account.

20. A Participant must notify this Bank in writing of an exception to any notice, summary, or statement as soon as possible, but in any event, no later than 10 calendar days from the date of the notice, summary, or statement.

### **Improper Use of the Reversal Code**

- 21. (a) A Participant should not send a Transfer Message for the first time during the reversal period by using the reversal code. A Receiver unable to reverse a Transfer effected by such Transfer Message to the Sender may request an as-of adjustment as discussed in Paragraph 22.
- (b) No misuse of the reversal code has occurred if a Transfer effected by a Transfer Message sent initially and properly during the origination period using the origination code is reversed one or more times by a Transfer Message using the reversal code. However, any request for compensation arising therefrom is not handled by this Bank and must be handled directly by the Sender and the Receiver.

### **REQUESTING AS-OF ADJUSTMENTS**

22. Participants may request an as-of adjustment for improper use of the reversal code, and for delays and operational errors caused by this Bank. Par-

Participants must submit written documentation supporting the request within two business days of the transaction giving rise to the request.

## **TRANSFER AND SECURITIES ACCOUNT MAINTENANCE FEES**

### **Assessment of Fees (in accordance with Appendix C)**

#### **23. (a) Transfer Fees**

This Bank charges an On-line Participant that is a Sender, and an Off-line Participant that is a Sender or a Receiver, a fee for each Transfer, except for Transfers affecting the following Restricted Securities Accounts: Treasury Tax and Loan ("TT&L"), Loans and Discounts, and Circular 176. All Receivers are charged a fee for each reversal.

#### **(b) Issue and Securities Account Maintenance Fees**

For non-Treasury Book-Entry Securities only, fees are assessed for per-issue balances maintained in each Securities Account and for each Securities Account maintained on this Bank's books. A separate per issue fee is assessed for each third-party pledge held in the same Securities Account. Per-issue and Securities Account fees are not assessed for the following Restricted Securities Accounts: Treasury Tax and Loan ("TT&L"), Loans and Discounts, and Circular 176.

### **Billing of Fees**

24. (a) The Participant's (or, subject to prior written agreement, its correspondent's) Funds Account is debited for fees for Treasury Book-Entry Securities daily. These fees may not be offset against earnings credits.
- (b) Fees for Book-Entry Securities other than Treasury Book-Entry Securities are billed monthly and debited to the Participant's (or, subject to prior written agreement, its correspondent's) Funds Account. These fees can be offset against earnings credits.
25. A Participant that does not have a Funds Account is not relieved of its liability for any fees it incurs by using Fedwire.

## **EMERGENCY CONDITIONS**

### **Failure of a Participant's Equipment**

26. On-line Participants are responsible for developing their own contingency and recovery plans, such as back-up computer and operations facilities, to ensure their ability to continue Fedwire operations in the event of equipment failure or other operational interruption. This Bank assumes no responsibility for providing any back-up access facilities for Participants.

**Failure of Reserve Bank Equipment**

27. (a) In the event of an emergency or failure of this Bank's computer or operations facilities, Transfers may be delayed until the emergency or failure is resolved. During extended disruptions, this Bank's Fedwire operations may be relocated to a back-up site. Participants should refer to this Bank's contingency guidelines regarding Participant requirements and responsibilities during contingency operations.
- (b) On-line Participants should be prepared to reconcile their positions up to the point of the failure under this Bank's instructions.
- (c) This Bank will notify On-line Participants of an operating problem at another Reserve Bank and, should the problem be deemed critical, will give instructions to On-line Participants.

**LIMITATIONS ON LIABILITY**

28. This Bank is not liable for the insolvency, neglect, misconduct, mistake, or default of any entity or person, including a Participant. Except as otherwise provided herein, this Bank is liable only for the actual direct loss sustained by the immediate Participants to a transaction proximately caused by this Bank's failure to exercise ordinary care or act in good faith; specifically, the amount of this Bank's liability to a Participant is limited to no more than the dollar amount of the transaction plus reasonable interest and incidental expenses, unless the Participant's claim is based on delay of a transaction in which case this Bank's liability is limited to reasonable interest and incidental expenses. This Bank may in its discretion satisfy its obligation to pay interest hereunder by providing an as-of adjustment or by paying compensation. In no event shall this Bank be liable for consequential, indirect, incidental or special damages (including lost profits), however derived and regardless of whether this Bank has been informed of the possibility thereof.

**REVISION OF CIRCULAR**

29. This Bank reserves the right to amend this Circular at any time without prior notice but will endeavor to give 30 days notice.

**EFFECT OF THIS CIRCULAR  
ON PREVIOUS CIRCULARS**

30. This Circular, together with its Appendices, amends and supersedes Operating Circular No. 21, dated December 12, 1977, and Operating Circular No. 21A, dated January 25, 1984, together with their Supplements and Appendices.

WILLIAM J. McDONOUGH,  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ **Appendix A to  
Operating Circular No. 21  
Effective March 1, 1994** ]

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

**Applicable Regulatory Citations Governing Book-Entry Securities of  
Agencies, Instrumentalities, and Establishments of the United States**

- 12 C.F.R. Part 615, Subpart O (Farm Credit System).
- 12 C.F.R. Part 615, Subpart R (Farm Credit System Financial Assistance Corporation).
- 12 C.F.R. Part 912 (Federal Home Loan Banks).
- 1 C.F.R. Part 462 (Federal Home Loan Mortgage Corporation).
- 24 C.F.R. Part 81, Subpart E (Federal National Mortgage Association).
- 12 C.F.R. Parts 912, 950.5 (Financing Corporation).
- 12 C.F.R. Part 1511 (Resolution Funding Corporation).
- 31 C.F.R. Part 354 (Student Loan Marketing Association).
- 18 C.F.R. Part 1314 (Tennessee Valley Authority).
- 31 C.F.R. Part 306, Subpart O (United States Department of the Treasury).
- 31 C.F.R. Part 350, Subpart B (United States Department of the Treasury).

WILLIAM J. McDONOUGH,  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ **Appendix B to  
Operating Circular No. 21  
Effective March 1, 1994** ]

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

**FEDWIRE OPERATING HOURS  
FOR BOOK-ENTRY SECURITIES TRANSFERS<sup>1</sup>**

**Par Amount Maximum**

The par amount maximum for Transfers is \$50 million.

**On-line Transfers**

Opening of Fedwire <sup>2</sup> . . . . .	8:30 a.m.
Close of the origination period for Transfers . . . . .	2:30 p.m.
Close of the period for turnaround Transfers from a dealer to an ultimate customer . . . . .	2:45 p.m.
Close of the reversal period for Transfers . . . . .	3:00 p.m.

**Off-Line Instructions**

Begin accepting instructions . . . . .	9:00 a.m.
Cut-off for accepting instructions for current day processing <sup>3</sup> . . . . .	1:30 p.m.
Cut-off for accepting instructions for future days processing . . . . .	4:00 p.m.

WILLIAM J. McDONOUGH,  
*President.*

1. This Bank observes standard legal holidays which include: All Saturdays, All Sundays, New Year's Day (January 1), Martin Luther King's Birthday (third Monday in January), Washington's Birthday (third Monday in February), Memorial Day (last Monday in May), Independence Day (July 4), Labor Day (First Monday in September), Columbus Day (second Monday in October), Veterans' Day (November 11), Thanksgiving Day (fourth Thursday in November), and Christmas Day (December 25). If January 1, July 4, November 11, or December 25 fall on a Sunday, the next following Monday is a standard Reserve Bank holiday. The New Orleans Branch of the Federal Reserve Bank of Atlanta closes on Mardi Gras.
2. Reserve Banks may decide, in their sole discretion, to open or close Fedwire at an earlier time, or extend Fedwire, to facilitate special market needs.
3. An attempt will be made to process Off-line instructions received after the cut-off time, but cannot be guaranteed. The requesting Participant will be notified if the Transfer is not effected.



**FEDERAL RESERVE BANK  
OF NEW YORK**

[ **Appendix C to  
Operating Circular No. 21  
Effective March 1, 1994** ]

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

**1994 FEE SCHEDULE FOR SECURITIES ACCOUNTS  
AND TRANSFERS<sup>1</sup>**

**TRANSFERS (PER TRANSFER, INCLUDING SECURITIES  
ACCOUNT SWITCH)<sup>2</sup>**

**Sender**

On-Line Transfers .....	\$ 2.25
Off-line Transfers .....	10.00

**Receiver**

On-line reversals .....	\$ 2.25
Off-line Transfers .....	10.00
Off-line reversals .....	10.00

**MAINTENANCE**

Monthly account maintenance <sup>3</sup>	
Per Securities Account .....	\$15.00
Per issue (within Securities Account) .....	.45

**WILLIAM J. McDONOUGH,**  
*President.*

1. Neither Transfer fees nor monthly account maintenance fees are assessed for activity affecting the following Restricted Securities Accounts: Treasury Tax and Loan (TT&L) (Treasury Circular 92), Loans and Discounts, and Treasury Circular 176.
2. Treasury is responsible for establishing Transfer fees for Treasury Book-Entry Securities. At present, the Treasury On-line fee is \$1.65 and the Off-line fee is \$9.40. To these fees a \$.60 funds settlement fee assessed by the Federal Reserve Banks is added.
3. These fees apply to non-Treasury Book-Entry Securities only. Securities Accounts which contain only Treasury Book-Entry Securities are not assessed any monthly account maintenance fee.

**EXHIBIT TO OPERATING CIRCULAR NO. 21  
AGREEMENT**

[To be typed on the depository institution's letterhead]

.....  
[Date]

Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045

Attention: Manager  
Securities Transfer Department

Dear Sir:

We hereby agree to the terms contained in your Operating Circular No. 21,  
regarding Book-Entry Securities Account Maintenance and Transfer Services.

.....  
[Name of depository institution]

By: .....  
[Authorized Signature]

.....  
[Title]