

FEDERAL RESERVE BOARD

WASHINGTON

February 21, 1922.

X-3337

SUBJECT: Wire Transfers of Funds.

Dear Sir:

Upon recommendation of the Federal Reserve Leased Wire Committee, the Federal Reserve Board has adopted the following rules and regulations for the guidance of the Federal Reserve Banks;

1. Telegraphic transfers should be accepted from and paid to member banks only. (However, as some of the Federal Reserve Banks are under obligations to accept telegraphic transfers from their non-member clearing banks, they may for the present continue to make such transfers.)
2. The descriptive data in telegrams transferring funds should be limited to name of the sending member bank; name of its customer requesting transfer, if shown, name of member bank receiving credit, and name of other beneficiary, if stated, for whose account credit is given.
3. Descriptive data in wire advice of payment or non-payment of collection items forwarded between Federal Reserve Banks should be confined to the collection number, name of payer or place of payment, and amount.
4. In addition to the usual mail advice to payee banks of telegraphic transfers credited to their account, immediate advice by telephone or telegraph should be given by the Federal Reserve Bank receiving the transfer, except in cases where credited bank has stated that wire advice is unnecessary or where the nature of the transaction or the amount involved indicates that the additional expense is not justified.
5. Telegraphic transfers for consummation on date of receipt should not be accepted by Federal Reserve Banks later than thirty (30) minutes prior to the closing hour of the Federal Reserve Bank to which transfer is made. Any transfers requested after that hour may be made at the discretion of the Federal Reserve Bank receiving credit.
6. Any loss resulting from negligence on the part of the Federal Reserve System in the transmission of telegrams over leased wires through relay stations should be borne by the sending Federal Reserve Bank, unless responsibility can be definitely fixed upon the Federal Reserve Bank to which the transfer is made.

7. The code should be used in connection with all messages involving the transfer and payment of funds, and, in the interest of economy, all other telegrams should be coded where the use of the code will appreciably shorten the message.
8. Telegrams should be worded as concisely as possible, and all unnecessary telegraphing eliminated. To enforce this each bank should adopt some plan whereby any misuse of the leased wires will be brought to the attention of an officer whose duty it will be to communicate with the originating department, or, in the case of incoming wires, with the sending office.
9. Leased wires should not be used in tracing collection items forwarded by a member bank in one district direct to a Federal Reserve Bank of another district, proceeds of which are to be credited to the Federal Reserve Bank of the district in which the endorsing bank is located.

While the above rules and regulations are intended as a guide to the Federal Reserve Banks themselves, the following clauses are recommended for uniform use by all Federal Reserve Banks in a circular to member banks relating to wire transfer of funds;

1. "The Federal Reserve Bank of _____ will use due care and diligence in the transfer of funds to the receiving Federal Reserve Bank for credit to the account of, or payment to, the payee bank, but will not be responsible for errors or delays in the transfer of such funds caused by circumstances beyond its control."
2. "Telegraphic transfers will be accepted from and paid to member banks only."
3. "In order that important messages may not be delayed, member banks are asked to co-operate with us by not making request for telegraphic transfers for small amounts, or those which can be made as well through the mails."

In addition a schedule should be included showing the closing time for receiving requests for transfers to be made to other Federal Reserve Banks.

Very truly yours,

G o v e r n o r .

TO THE GOVERNORS OF ALL FEDERAL RESERVE BANKS.