

# FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

June 21, 1924. X-4099

SUBJECT: Revised Regulations Governing the use of  
Federal Reserve Leased Wires.

Dear Sir:

In accordance with the action of the recent Governors' Conference, the Federal Reserve Board has revised its regulations governing the use of the Federal reserve leased wires, as follows:

1. Telegraphic transfers of funds will be accepted from and paid to member banks only. They must represent bank balances and can be made only for round amounts, i. e., multiples of \$100. The term "bank balance" shall be construed to mean an accumulation of funds comprising an established account carried by one member bank with another member bank.
2. The descriptive data in telegrams transferring funds must be limited to the name of the sending member bank, name of its correspondent member bank requesting the transfer, name of the member bank receiving credit, and name of its correspondent member bank.
3. The Federal reserve code, including test word, must be used for all messages involving the transfer of funds and, in the interest of economy, all other telegrams should be sent in code when its use shortens the message.
4. In addition to the usual mail advice to the member bank receiving credit for telegraphic transfers of funds, immediate advice by telegraph, or otherwise, should be given by the Federal reserve bank receiving the transfer, except in cases where the credited member bank has stated that other than the usual mail advice is unnecessary.

5. Requests for telegraphic transfers of funds for consumption 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 to be made. Any telegraphic transfers of funds requested after such time will be made at the discretion of the Federal reserve bank receiving credit.

6. The leased wires shall not be used for tracing or advising payment or non-payment of any non-cash collection items, nor for transferring the proceeds thereof.

7. The leased wires shall not be used for reconciling exceptions in accounts between Federal reserve banks, except where a loss might be involved.

8. Any loss resulting from negligence on the part of the Federal reserve system in the transmission of telegrams transferring funds over the leased wires through relay stations shall be borne by the sending Federal reserve bank, unless responsibility can be definitely placed upon the Federal reserve bank to which the telegram was addressed.

9. Telegrams must be worded as concisely as possible. Telegrams should not be sent when communication by mail will suffice. For the purpose of enforcing these regulations, provision should be made in each Federal reserve bank so that any misuse of the leased wires will be brought to the attention of a designated officer for reference to the originating department, or, in the case of incoming messages, to the sending Federal reserve bank.

The above regulations are intended to govern the use of the leased wires by the Federal reserve banks. The following clauses should be included by all Federal reserve banks in their circulars to member banks relating to telegraphic transfers of funds. The Board understands each Federal reserve bank will issue a new circular letter to its member banks on July 1, 1924, making effective as of July 15, 1924, the new regulations governing wire transfers of funds for the account of member banks.

1. Telegraphic transfers of funds will be made for and paid to member banks only.

2. Transfers of bank balances in round amounts, that is, multiples of \$100, will be made over the Federal reserve leased wires. Such transfers will be made without cost to member banks. The term "bank balance" shall be construed to mean an accumulation of funds comprising an established account maintained by a member bank with its Federal reserve bank or with another member bank.

3. Transfers of proceeds of individual collection items will not be made over the leased wires.

4. The descriptive data in telegrams transferring bank balances must be limited to the amount to be transferred, name of the member bank to receive credit and, when necessary, name of its correspondent member bank and name of member bank with which request originates.

5. The Federal reserve banks maintain, at large expense, a leased wire system over which a heavy volume of important communications passes between Federal reserve banks and branches. Member banks are requested to co-operate with us in attempting to avoid over-crowding the leased wires by not making requests for telegraphic transfers of small amounts, or those which can be made as well through the mails.

6. The foregoing regulations relate to the transferring of bank balances over the Federal reserve leased wires. Federal reserve banks will also make transfers of funds for any purpose and any amount over the commercial telegraph wires. Such transfers will be accepted from and paid to member banks only, but may be for the use of any bank, individual, firm, or corporation.

7. The cost of all telegrams between Federal reserve banks transferring funds over the commercial telegraph wires will be **charged** to the member banks for which the transfers are made. Member banks should prepay the cost of telegrams requesting such transfers, and telegrams to member banks advising credit will be sent "collect".

8. The Federal Reserve Bank of \_\_\_\_\_ will use due diligence and care in the transfer of funds by telegraph to the receiving Federal reserve bank for credit to the account of the payee bank, but will not be responsible for errors or delays caused by circumstances beyond its control.

Very truly yours,

J. C. NOELL  
Assistant Secretary.

TO BE SENT TO GOVERNORS OF ALL BANKS.