

## Accounting/billing procedures modified

The Federal Reserve Board has modified the System's accounting methodology for float pricing purposes for the Automated Clearinghouse (ACH) effective Aug. 1, 1986. The effects of this change will reduce the amount and cost of float charged to depositors. The change will take into account the effect float would have

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on reserve requirements if Reserve Banks were required to hold reserves.

The new accounting procedures for float will closely conform to those of correspondent financial institutions. When a correspondent passes credit for a cash item deposit to a correspondent prior to collection of that cash item by the correspondent, the correspondent retains a cash item in process of collection (CIPC) deduction for the amount of that credit when computing its required reserves.

Since the CIPC deduction will allow the correspondent to reduce its level of non-earning reserves and increase its level of investable balances, the cost of the float to the correspondent is reduced by its earnings on these additional investable balances.

Assuming the correspondent has a 12 percent reserve requirement, the correspondent could effectively reduce its cost of float by 12 percent.

In order to make accounting for ACH float consistent with that for check float, net ACH float will be deducted from the amount of clearing balances maintained with the Federal Reserve before the Federal Reserve calculates its required reserves. Thus, net clearing balances will be larger and imputed income from clearing balances will increase. The effect of this action will be to permit a reduction of 12 percent in ACH float charged to depositors. The Federal Reserve has been applying this rationale for float arising from the check collection service since the second quarter of 1985.

The Board wishes to emphasize that, in spite of these reductions in float charges to depository institutions, the Federal Reserve's internal accounting procedures will continue

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**The effect of this action will be to permit a reduction of 12 percent in ACH float charged to depositors.**

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to recognize as a cost to the Federal Reserve the full value of float at the federal funds rate, as required by the Monetary Control Act.

Further questions concerning this accounting modification should be directed to Larry Ripley at (214) 651-6118 at the Dallas Office or to your nearest Federal Reserve Bank or Branch.

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# BULK DATA System expedites ACH

If your institution processes ACH tapes, transports them to the Federal Reserve and then waits for a courier to pick them up and return them to your institution, you could be wasting money, time and personnel resources. The Federal Reserve Bank of Dallas has an alternative that can help you:

- Reduce costs
- Receive ACH information earlier
- Have more time to prepare tapes and still get them to the Fed by the deadline
- Eliminate lost, delayed or stolen tapes
- Receive positive confirmation of receipt without making a phone call
- Eliminate ACH transportation and courier costs

- Receive confirmation that you have sent the file you meant to send
- Reduce errors

The latest way to transmit ACH information is through a system developed by the Federal Reserve called Bulk Data. This quick and reliable software was originally developed for the Federal Reserve to transmit information between its own offices. Now it has been opened to financial institutions for transmitting ACH files.

Using BULK DATA to transmit your institution's ACH information will not only save time and money, you'll be able to keep track of what information was sent, when the Fed received it, and process information on an almost real-time basis with no

transportation delays.

## **BULK DATA Options**

If your institution currently has a computer-to-computer connection to the Dallas Fed, then you will incur a one-time \$100 software fee. If your institution does not have this type of connection, you will need to establish a dedicated line connection which carries a monthly \$300 access fee.

If your institution originates more than eight ACH tapes per week or receives more than 300 items per day, you should consider the BULK DATA alternative. To find out more about the BULK DATA method of ACH transmission, please contact the Dallas Fed's Larry Ripley at (214) 651-6118.

## **Directories available**

A telephone directory for all offices of the Eleventh Federal Reserve District is currently available. The directory has been revised to provide a comprehensive alphabetical listing of all departments as well as contact names within each department. Operating department numbers at the Dallas Office as well as the El Paso, Houston and San Antonio Branches are included. The directory also contains a complete listing of all Customer Assistance functions and numbers. If you would like a copy, please call Faye Kocian at (214) 651-6372.

## **'Single cycle' enhances ACH processing**

The Federal Reserve Bank of Dallas will change its ACH operations in mid-October to what is termed "single cycle." The new operation is expected to reduce processing time and will offer an opportunity for depository financial institutions (DFIs) to receive one file containing both day and night cycle data.

The operating change will also allow the Fed to provide day cycle output files to receiving institutions that still want a day cycle file earlier than has been available in the past. "Single cycle" will produce files out of the day cycle only for institutions that want two files each day.

Only one set of advices and one file will be produced out of the night cycle. The advices and file will be available in the early morning from the last night and previous day's pro-

cessing. Local pick-up DFIs and data-links will be given the option of receiving one or two files daily.

While RCPC (Regional Check Processing Centers) courier points will be consolidated to one file, mail points and West Texas country end-points will continue to receive two files. The advantage to one file is that DFIs will handle less files and enjoy more efficient operations.

Additional changes also due in the near future will provide ACH Return Item summary advices through the GARS (Generalized Advice Retrieval System) facility of the RESPONSE network system.

For more information on "single cycle" operations contact Larry Ripley at the Dallas Office at (214) 651-6118.

# Holidays scheduled for 1987

The Federal Reserve System has adopted a standard holiday schedule for all Reserve Banks and Branches.

Beginning in 1987, all Reserve Bank offices will be closed for ten standard holidays, unless a fixed-date holiday falls on a Saturday. For example, in 1987 the fourth of July falls on a Saturday and will neither be observed the preceding Friday nor the following Monday.

The three other fixed-date holidays, which will be treated in the same manner, include: Veterans' Day, November 11; Christmas Day, December 25; and New Year's Day, January 1. Should these holidays fall on a Sunday, however, they will be observed on the following Monday.

Reasoning behind the System's decision for adopting this policy was based on concerns made by parties responding to the Board of Governors' request for public comments.

The principal comment was that closing Reserve Banks on a Friday prior to a Saturday holiday would place unnecessary hardship on the banking industry, especially on the last business day of the year—December 31, when it falls on a Friday.

In addition, respondents indicated that most states do not observe a Saturday holiday on the prior Friday, and therefore, most financial institutions would be required to remain open under state law.

Eleventh District financial institutions (those in Texas, northern Louisiana and southern New Mexico) usually follow the holiday schedule set by the laws of their respective states, and under those schedules many institutions do close on the prior Fridays. However, officials at the Dallas Office said they anticipate that the state legislatures of those states will vote to amend their

schedules so that the nation's payments system will be better served.

## Holiday Schedule for 1987

The Federal Reserve Banks and Branches will observe the following holidays in 1987 by being closed on the dates listed below.

January 1, New Year's Day  
 January 19, Martin Luther King's Day  
 February 16, Presidents' Day  
 May 25, Memorial Day  
 September 7, Labor Day  
 October 12, Columbus Day  
 November 11, Veterans' Day  
 November 26, Thanksgiving Day  
 December 25, Christmas Day

In 1988, all ten holidays will be observed since none of the fixed-date holidays fall on a Saturday.

## 1987

### JANUARY

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### FEBRUARY

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### MARCH

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### APRIL

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### MAY

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### JUNE

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### JULY

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### SEPTEMBER

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### OCTOBER

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### NOVEMBER

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### DECEMBER

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# Fedwire Extension: Transfer of Funds

The Federal Reserve Board has established a new national policy on the extension of Fedwire operations beyond regularly scheduled operating hours. The policy became effective Aug. 1, 1986.

Financial institutions that send transfer of funds through the Fed should expect to meet the final cutoff of 5:00 p.m., central standard time (CST), for off-line institutions and 5:30 p.m. (CST) for on-line institutions.

The third party interdistrict cutoff deadline is 3:30 p.m. (CST) for off-line institutions and 4:00 p.m. (CST) for on-line institutions.

Consideration in granting extensions beyond these deadlines will be based on whether financial institutions have backup dial-up lines available or other contingency ar-

rangements. Institutions will also be closely monitored for the dollar amount of their extension requests, as well as for frequency of those extensions granted.

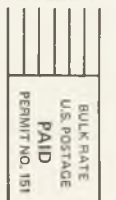
Should an outage situation occur in a particular Reserve Bank, all 12 Federal Reserve Banks will observe extensions of the others for up to two hours, in 30 minute increments. Automatic extensions will also be given for situations involving monetary policy, supervisory action, and support of a troubled financial institution.

If a financial institution were to have very large dollar aggregate sendings or were in a highly unusual situation, the deadline could be extended an additional 30 minutes *given sufficient notice prior to the deadline ap-*

*plicable to the sendings.* Extensions to interdistrict third party deadlines must be requested by no later than 3:30 p.m. (CST). Extensions to settlement and final cutoff deadlines must be requested by no later than 5:00 p.m. (CST).

Requests for discretionary extensions must be approved by the first vice president of the requestor's Fed District. The request can be directed to a member of a Reserve Bank's wire transfer staff, who would be responsible for getting approval for the extension from the Reserve Bank's first vice president and notifying the financial institution of either the approval or denial.

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