

Summary of Changes to Operating Circulars 5 and 6 (effective July 1, 2023)

Effective July 1, 2023, the Federal Reserve Banks will amend Operating Circular 5, *Electronic Access* and Operating Circular 6, *Funds Transfers Through the Fedwire® Funds Service*, including their appendixes, to (i) include the terms under which the Federal Reserve Banks may provide funds-transfer services to designated Fedwire Funds Service participants (“protracted outage participants”) during an interruption or outage of Federal Reserve Bank hardware or software that prevents the Federal Reserve Banks from processing online messages and that is not expected to be resolved before the next Fedwire Funds Service funds-transfer business day (a “protracted outage”) and (ii) make other changes to Operating Circular 6.

The Federal Reserve Banks have notified Fedwire Funds Service participants that are currently designated as protracted outage participants; Fedwire Funds Service participants that have not been notified are not currently protracted outage participants. Any changes to the list of protracted outage participants will be communicated in advance to the affected participants.

This summary describes the key changes that the Federal Reserve Banks will make to Operating Circulars 5 and 6. The redlined versions of amended Operating Circulars 5 and 6 published on the FRBservices.org® website reflects all changes that the Federal Reserve Banks will make to these operating circulars, including changes not described below.

The Federal Reserve Banks will make the following changes to Operating Circulars 5 and 6 related to protracted outage:

- The description of the Fedwire Funds Service offline security procedure in Operating Circular 5, Appendix A will be revised to cover payment orders sent during a protracted outage.
 - A protracted outage appendix (Appendix B) will be added to Operating Circular 6, and section 16.2 of Operating Circular 6 will be revised to state that the Reserve Banks may decide to send and receive messages, including payment orders (“critical payment orders”), during a protracted outage in accordance with the protracted outage appendix.
 - The protracted outage appendix will contain the following terms:
 - Section 1.0 will contain definitions for the protracted outage appendix.
 - Section 2.0 will contain terms regarding the applicability of the protracted outage appendix, including a term specifying that only participants designated as protracted outage participants will be able to send or receive messages during a protracted outage.
 - Section 3.0 will contain terms regarding the Federal Reserve Banks’ (i) designation of protracted outage participants, systemically important payment activities for which protracted outage participants may send and receive critical payment orders, hours of a protracted outage funds-transfer business day, windows during which protracted outage participants may send critical payment orders, and limits on the number and value of critical payment orders that they may send during such windows, and (ii) notification to protracted outage participants that they have declared a protracted outage.
 - Section 4.0 will include terms relating to the sending and receiving of messages and communications during a protracted outage, including requirements for critical payment orders sent during a protracted outage.
 - Section 5.0 will contain terms regarding payment of critical payment orders and use of funds credited to a protracted outage participant’s master account as payment for such an order, including a term stating that a protracted outage participant may use such funds to settle other critical payment orders but might be unable to use such funds for other purposes until the
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- funds are reflected in relevant Reserve Bank applications.
- Sections 6.0 and 7.0 will contain terms regarding the rejection and cancellation or amendment of critical payment orders, respectively.
 - Section 8.0 will describe the security procedures used during a protracted outage.
 - Section 9.0 will state terms regarding notices and other information provided by the Federal Reserve Banks relating to protracted outage and their maintenance and amendment of a protracted outage toolkit made available to protracted outage participants.
 - Section 10.0 will describe Reserve Bank and protracted outage participant liability with respect to a protracted outage.

In addition to the changes related to protracted outage, the Reserve Banks will make the following key changes to Operating Circular 6:

- The terms related to the use of service providers by a Fedwire Funds Service or Fedwire Securities Service participant (“Fedwire participant”) will be amended, including the addition of terms to section 18.0 regarding (i) what the Federal Reserve Banks may require before a Fedwire participant may use a service provider, (ii) actions that the Federal Reserve Banks may require a service provider to take with respect to a Fedwire participant’s use of the service provider’s electronic connection, and (iii) information that the Federal Reserve Banks may require a service provider to share with the Federal Reserve Banks with respect to a Fedwire participant.
- The description of the Fedwire Funds Service security procedure in section 7.0 will be modified, including through the incorporation of security procedure terms from Operating Circular 6, Appendix A-1 into that section.
- Terms relating to messages from various sections of Operating Circular 6 will be consolidated into section 8.0 of the operating circular and several new terms will be added to that section, including terms regarding the receipt and delivery of messages by the Federal Reserve Banks.
- The following new sections will be added to Operating Circular 6:
 - Section 19.2 will require a Fedwire Funds Service participant to provide and keep updated its list of persons authorized to transact business with the Reserve Banks on behalf of the participant through the Fedwire Funds Service.
 - Section 20.2 will specify the rate of interest that a Reserve Bank pays when required to pay interest under subpart B of Regulation J of the Board of Governors of the Federal Reserve System (12 CFR part 210).
 - Section 21.0 will identify the governing law for Fedwire Funds Service activities and the forum for and time in which a legal action must be brought.

Your continued use of or access to the Fedwire Funds Service on or after July 1, 2023 constitutes agreement to the new terms of Operating Circulars 5 and 6. See the links below for the official versions of amended Operating Circulars 5 and 6 and the redlined versions of the amended operating circulars published on the FRBservices.org website. To request a paper copy of any operating circular, contact your Customer Contact Center.

[Amended Operating Circular 5](#)
[Redlined version of amended Operating Circular 5](#)
[Amended Operating Circular 6](#)
[Redlined version of amended Operating Circular 6](#)

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