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NEWS RELEASE

Fedwire[®] Funds Service and CHIPS Announce Support For New Formats For Cover Payments And Business Remittance Payments

*New Message Formats Bring Transparency to International Payments,
Allow Business Remittance Information to Be Included With Wire Payments*

New York – May 13, 2008 – The Federal Reserve Banks (FRBs) and The Clearing House Payments Company (TCH) today announced plans to implement enhanced message formats to accommodate both cover payments and payments containing business remittance information on their respective U.S. dollar wire transfer systems, the Fedwire[®] Funds Service and CHIPS.

These changes are designed to ensure full transparency of cover payments by November 2009 consistent with the transparency principles articulated by The Wolfsberg Group and TCH in 2007. By the fourth quarter of 2010, the U.S. dollar wire transfer message formats will be expanded to permit more characters for cover payment information and business remittance information.

Today's announcement culminates a coordinated effort among the FRBs, TCH and other constituencies in the U.S. dollar wire transfer community, including banks, corporations and software vendors.

"These enhancements respond to the needs of both banks and corporations to improve efficiency in wire transfer payments," said Lauren Hargraves, Senior Vice President of the Federal Reserve Banks' Wholesale Product Office. "The changes will make it possible to carry information to identify multiple underlying customers in the case of cover payments and multiple underlying invoices in the case of business remittance information."

Additional information for cover payments will facilitate compatibility with the recently announced SWIFT cover payment format. Additional structured and standardized business remittance information will facilitate compatibility with a variety of popular formats already used by corporations to communicate with their banks.

"These enhanced messages will facilitate interoperability among domestic and global standards while also making cover payments and business remittance payments more efficient and valuable to senders and receivers alike," Hank Farrar, Senior Vice President of The Clearing House, responsible for CHIPS said.

Additional information about this initiative, including a question and answer document, is available from the Federal Reserve Banks at www.frbervices.org or The Clearing House Payments Company at www.chips.org.

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The Federal Reserve Banks

The Federal Reserve Banks are the owners and operators of payments infrastructure, including the Fedwire Funds Service. The Fedwire Funds Service is the Federal Reserve Banks' high-speed wire transfer system. Each funds transfer made via the Fedwire Funds Service is separately initiated, processed and settled in real time upon receipt via a highly secure electronic network. More than 6,500 financial institutions have access to the Fedwire Funds Service. On average, the Fedwire Funds Service processed and settled approximately 537,000 transfers worth \$2.7 trillion per day in 2007. For more information regarding the Fedwire Funds Service or other Federal Reserve Bank financial services, please visit www.frbservices.org.

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The Clearing House and CHIPS

The Clearing House Payments Company (www.theclearinghouse.org) is a private-sector, global payment systems infrastructure that clears and settles more than 40 million payments for \$2.1 trillion per day. The Clearing House serves more than 1,400 U.S. financial institutions and hundreds of international participants with paper check and image exchange, ACH, and wire. Its wire system, CHIPS, (www.chips.org) provides real-time, final payments to financial institutions in the U.S. and around the world. It features multilateral netting with payments finality — a patented process that maximizes the use of liquidity — and supports the inclusion of large amounts of invoice information with payments in universally accepted standards. For more information, visit www.theclearinghouse.org

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