



**Federal Reserve Banks
Operating Circular No. 6**

FUNDS TRANSFERS THROUGH THE FEDWIRE® FUNDS SERVICE

Effective September 5, 2006

**FEDERAL RESERVE BANKS
OPERATING CIRCULAR NO. 6
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1.0 SCOPE

- 1.1 Subpart B of Regulation J (“Regulation J”) of the Board of Governors of the Federal Reserve System (12 CFR Part 210, Subpart B) and this operating circular 6, including as appropriate its appendices (“Circular”) apply to funds transfers through the Fedwire® Funds Service. This Circular is issued in conformity with Section 210.25 of Regulation J and is an operating circular as referred to in Section 4A-107 of Article 4A of the Uniform Commercial Code. By sending a Payment Order, receiving a Payment Order or receiving a credit with respect to a Payment Order to an account maintained or used at a Reserve Bank, the sender, receiving bank, or beneficiary agrees to all the provisions of this Circular, as amended from time to time. In addition, this Circular is binding on other parties to a funds transfer any part of which is carried out through the Fedwire® Funds Service to the same extent that Regulation J is binding on those parties. Capitalized terms are defined in Paragraph 2.
- 1.2 Each Reserve Bank has issued a Circular No. 6 identical to this one.

2.0 DEFINITIONS

- 2.1 Unless otherwise stated in this Circular, a term defined in Regulation J, including a term defined in Article 4A to the extent consistent with Regulation J, has the same meaning in this Circular.
- 2.2 **Administrative Reserve Bank** with respect to an entity means the Reserve Bank in whose District the entity is located.
- 2.3 **Appropriate Reserve Bank** means the Reserve Bank identified by the Administrative Reserve Bank of the sender, receiving bank, or beneficiary as the Reserve Bank with which the sender, receiving bank, or beneficiary respectively should communicate on particular matters.
- 2.4 **Beneficiary’s Account** for purposes of Subpart B of Regulation J and this Circular refers to the beneficiary’s Master Account.
- 2.5 **Fedwire Participant** for purposes of this Circular means a sender, receiving bank or beneficiary that has a Master Account or a Receiver or Sender as defined in paragraph 3 of the Reserve Bank’s Operating Circular 7, Book-Entry Securities Account Maintenance and Transfer Services.
- 2.6 **Master Account** means an account with reserve and/or clearing balances on the books of a Reserve Bank.
- 2.7 **On-line** refers to the transmission of a Payment Order directly to or from a Reserve Bank by electronic data transmission, excluding oral transmission by telephone.
- 2.8 **Payment Order** for the purpose of Subpart B of Regulation J, Article 4A and this Circular, includes only messages:
- (a) designated as type code 10 (funds transfer), 15 (foreign transfer), or 16 (settlement transaction); and

(b) designated as subtype code 00 (structured funds transfer), 02 (reversal of transfer), 08 (reversal of a prior day transfer), 20 (as of adjustment), or 32 (funds transfer honoring request for funds).

2.9 Receiving Bank's Account for purposes of Subpart B of Regulation J and this Circular refers to the receiving bank's Master Account.

2.10 Securities Transfer means a transfer as defined in paragraph 3.18 of the Reserve Bank's Operating Circular 7, Book-Entry Securities Account Maintenance and Transfer Services.

2.11 Sender's Account for purposes of Subpart B of Regulation J and this Circular refers to the sender's Master Account.

2.12 Service Provider means an entity that, on behalf of a Fedwire Participant:

(a) initiates, transmits, or receives Funds Transfers and/or Securities Transfers to and from the account of the Fedwire Participant at a Reserve Bank; or

(b) operates or otherwise manages the electronic connection used to send and receive Funds Transfers and/or Securities Transfers to and from the account of the Fedwire Participant at a Reserve Bank.

2.12 Subaccount is an information record of a subset of transactions that affect a Master Account. It is not a separate account or a Master Account.

3.0 ISSUANCE OF ORDERS

3.1 A Payment Order must be in the medium and format the Reserve Banks prescribe. A Reserve Bank will not act on information in a Payment Order other than information required by the format specifications and necessary for Reserve Bank processing. The Reserve Banks are not responsible for the accuracy of a routing number contained in or verbally supplied from a publication, list or automated file issued or maintained by a Reserve Bank if the routing number becomes inaccurate after the effective date of the publication, list, or automated file.

4.0 LOCATION OF SENDERS, RECEIVING BANKS, AND BENEFICIARIES

4.1 For purposes of Regulation J, Article 4A and this Circular, a sender, receiving bank or beneficiary is located in the Federal Reserve District as determined under the procedure described in Regulation D, 12 C.F.R. Part 204, even if the sender, receiving bank, or beneficiary would not otherwise be subject to Regulation D. Notwithstanding Regulation D Section 204.3(b)(2), a foreign central bank, foreign monetary authority, foreign government, or international organization sender or beneficiary is treated as being located in the Second Federal Reserve District.

5.0 ROLES OF THE RESERVE BANKS INVOLVED IN A FUNDS TRANSFER THROUGH THE FEDWIRE® FUNDS SERVICE

5.1 For purposes of Regulation J, Article 4A and this Circular, when a sender sends a Payment Order over the Fedwire® Funds Service, the sender is deemed to have sent it to the Reserve Bank holding its Master Account regardless of which Reserve Bank maintains the sender's on-line connection or receives the sender's off-line Payment Orders.

- 5.2** For purposes of Regulation J, Article 4A and this Circular, when a receiving bank or beneficiary receives a Payment Order over the Fedwire[®] Funds Service, the receiving bank or beneficiary is deemed to have received the Payment Order from the Reserve Bank holding its Master Account regardless of which Reserve Bank maintains the receiving bank's or beneficiary's on-line connection or sends the receiving bank an off-line Payment Order.
- 5.3** A Reserve Bank, other than the Reserve Bank(s) holding the Master Accounts affected by a Payment Order, that handles the Payment Order is not a party to the funds transfer in any way including as an intermediary bank or as the beneficiary's bank. When handling an off-line transfer, however, that Reserve Bank is liable as if it were a receiving bank under this Circular for losses recoverable under Article 4A and this Circular resulting from its handling of the Payment Order.
- 5.4** An Administrative Reserve Bank may instruct any other Reserve Bank concerning the other Reserve Bank's handling or settlement of a Payment Order for purposes of managing the Administrative Reserve Bank's risk.

6.0 IDENTIFYING NUMBER

- 6.1** For purposes of Regulation J, Article 4A and this Circular, an identifying number of a branch of a bank that is an intermediary bank, the beneficiary's bank or the beneficiary shall be deemed to be the identifying number of the intermediary bank, the beneficiary's bank, or the beneficiary. A Reserve Bank that executes a Payment Order that contains an identifying number of a branch of a bank complies with the sender's Payment Order when it issues a conforming Payment Order identifying the bank or credits the Master Account of the bank.

7.0 SECURITY PROCEDURES

- 7.1** The security procedures offered by the Reserve Banks to verify the authenticity of a Payment Order are described in Appendix A of this Circular. Before issuing a Payment Order to or receiving a Payment Order from a Reserve Bank, a sender or receiving bank must execute an agreement with the Reserve Bank holding its Master Account in the form shown in Appendix A-1.
- 7.2** In addition to complying with the confidentiality requirements set forth in the Reserve Bank's Operating Circular 5 concerning electronic access to Reserve Bank services, each sender and receiving bank shall prevent any disclosure, except on a "need to know" basis, of any aspects of the security procedures agreed to by it with the Reserve Bank holding its Master Account. The sender or receiving bank shall notify the Appropriate Reserve Bank immediately if the confidentiality of these security procedures is compromised, and shall act to prevent the security procedures from being further compromised.
- 7.3** The security procedures agreement set forth in Appendix A-1 binds the sender or receiver of a Payment Order, the account holding Reserve Bank, and any Reserve Bank to which the sender or receiver has an on-line connection or through which the sender sends, or the receiver receives, off-line transfers. A sender is deemed to agree to a security procedure used when it issues a Payment Order to a Reserve Bank.

8.0 RECEIPT, ACCEPTANCE, AND EXECUTION OF PAYMENT ORDERS

- 8.1** If an on-line sender does not receive an acknowledgment of receipt of a Payment Order it issues over the Fedwire[®] Funds Service, the sender should notify the Appropriate Reserve Bank promptly.

- 8.2** If a Reserve Bank notifies a sender that a Payment Order has been lost because of computer outage or other reason, the sender should be prepared to resend the Payment Order.
- 8.3** The Reserve Banks may record by audio recording device any telephone call relating to a Payment Order.
- 8.4** An on-line receiving bank must manage its communications connection to the Fedwire® Funds Service so as to permit it to receive on a timely basis a Payment Order sent to it during its funds transfer business day. If a receiving bank fails to manage its communications connection in such a manner, a Reserve Bank may limit any attempts to send a Payment Order to the receiving bank. In such a case, the Reserve Bank shall be deemed to have executed the Payment Order when it is available for the receiving bank. A receiving bank that loses its communication connection should reestablish connectivity as soon as possible.
- 8.5** A receiving bank, whether off-line or on-line, shall indemnify a Reserve Bank for any loss incurred by the Reserve Bank as a result of the receiving bank's delay in receiving a Payment Order, if the delay results from the bank's failure to be able to receive Payment Orders from the Reserve Bank during the funds transfer business day.
- 8.6** The Reserve Banks do not assume any responsibility for completion of a funds transfer on the day requested, except as provided in Regulation J.

9.0 AS OF ADJUSTMENTS

- 9.1** A sender's or receiver's Administrative Reserve Bank may make an as of adjustment pursuant to Section 210.32(b) of Regulation J as follows:
- (a) An as of adjustment will normally be processed and applied to the reserve maintenance period during which the transaction giving rise to the obligation to pay interest occurred, so that there will be no impact on aggregate reserves. If the Administrative Reserve Bank, in its sole discretion, determines that this procedure is not feasible, it will process and apply the as of adjustment to the current reserve period.
 - (b) If an as of adjustment would be applied to one of the last three days of a reserve maintenance period, the Administrative Reserve Bank, in its sole discretion, may apply it either to the current or future reserve maintenance periods.
 - (c) If a Reserve Bank delays execution of a Payment Order (see Section 4A-305(a) of Article 4A), the appropriate Administrative Reserve Bank may make an as of credit adjustment to the receiving bank's Master Account. If the sender was not debited at the appropriate time, its Administrative Reserve Bank will make an offsetting as of debit adjustment to the sender's Master Account.
 - (d) If a Reserve Bank misdirects a Payment Order (see Sections 4A-303 and 4A-305(b) of Article 4A), the appropriate Administrative Reserve Bank may make an as of credit adjustment to the Master Account of the bank that should have received the order. If agreed to by the bank that received the misdirected order, its Administrative Reserve Bank will make an offsetting as of debit adjustment to the receiving bank's Master Account.

- (e) If a Reserve Bank issues a Payment Order in an amount less than the amount that was intended (see Sections 4A-303(b) and 4A-305(b) of Article 4A), the appropriate Administrative Reserve Bank may make an as of credit adjustment to the receiving bank's Master Account. If the sender was not debited in the appropriate amount, its Administrative Reserve Bank will make an as of debit adjustment to the sender's Master Account.
- (f) If a Reserve Bank issues a duplicate Payment Order or a Payment Order that is in an amount more than was intended (see Sections 4A-303(a) and 4A-305(b) of Article 4A), the appropriate Administrative Reserve Bank may, if the sender's Master Account was not debited in the appropriate amount, make an as of credit adjustment to the sender's Master Account. If agreed to by the bank that received the order, its Administrative Reserve Bank will make an as of debit adjustment to the receiving bank's Master Account.
- (g) If a Reserve Bank delays rejection of a Payment Order (see Sections 4A-209(b) and 4A-210(b) of Article 4A), the appropriate Administrative Reserve Bank may make an as of credit adjustment to the sender's Master Account.
- (h) An Administrative Reserve Bank will apply offsetting as of adjustments to the same reserve maintenance periods to the extent feasible.

10.0 TRANSFER HOURS AND EXTENSIONS

- 10.1** For purposes of determining a Reserve Bank's rights and obligation under Regulation J, Article 4A and this Circular, each Reserve Bank's funds transfer business day begins at 9:00 p.m. Eastern Time on the preceding calendar day and ends at 6:30 p.m. Eastern Time regardless of the Reserve Bank's geographic location or time zone. A Reserve Bank satisfies its obligations under Regulation J, Article 4A and this Circular, if, upon acceptance of a Payment Order, a Reserve Bank executes the order or pays the beneficiary of the order on the same funds transfer business day that it received the Payment Order even if it is not the same calendar day.
- 10.2** The time schedule contained in Appendix B to this Circular, shows the Reserve Banks funds transfer business days and the latest hour on each funds transfer business day ("cut-off hour") by which a Reserve Bank will execute a Payment Order received on that funds transfer business day. The Reserve Banks may, in their discretion, shorten or extend a cut-off hour or a funds transfer business day to facilitate special market needs.
- 10.3** A sender requiring an extension of the Fedwire[®] Funds Service operating hours should contact the Federal Reserve Bank of New York or its designee as soon as possible. A request for an extension received less than fifteen minutes before the scheduled Fedwire[®] Funds Service closing time will not be granted. An extension may be granted only if:
 - (a) there is a failure of Reserve Bank network equipment and/or the Fedwire[®] Funds Service network equipment; or
 - (b) there is a significant operating problem at a bank or major dealer; and, as a result,
 - (c) the extension is deemed necessary, in the Federal Reserve Bank of New York's (or its designee's) view, to prevent a significant market disruption (i.e., the dollar value of delayed transfers exceeds \$1 billion).

- 10.4** When requesting an extension, the requestor will be required to state the dollar amount and volume of unprocessed Payment Orders and to assess the severity of any operating problems.
- 10.5** Every extension of the Fedwire® Funds Service is broadcast electronically to all Reserve Banks and all high-volume senders, receiving banks and beneficiaries.

11.0 ADVICES OF CREDIT AND DEBIT; REPORTING OF ERRORS

- 11.1** The Reserve Banks provide advices of credit by electronic data transmission to on-line receiving banks that receive Payment Orders or notices over the Fedwire® Funds Service. The Reserve Banks provide advices of credit by telephone to off-line receiving banks that receive Payment Orders or notices over the Fedwire® Funds Service. The Reserve Banks do not give telephone advices of credit for transfers identified as type code 16 settlement transactions to off-line receiving banks unless the receiving bank has notified the Reserve Bank holding its Master Account in writing that it maintains an account for another bank or has otherwise requested telephone advice for these transfers. A Reserve Bank also provides an advice of credit to a receiving bank in its Master Account statement and provides an advice of debit to a sender in its Master Account statement.
- 11.2** The Reserve Banks send advices of credits to the office of the receiving bank specified by the receiving bank. A Reserve Bank has properly executed a Payment Order if, at the request of the receiving bank, the Reserve Bank sends the advice of credit representing the Payment Order to an office of the receiving bank other than the office of the receiving bank identified in the Payment Order by an identifying number.
- 11.3** In addition to the requirement for prompt notice under Section 210.28 of Regulation J and Sections 4A-204 and 4A-304 of Article 4A, a sender or receiving bank shall notify the Reserve Bank holding its Master Account immediately if it learns of or discovers, from any source other than an advice of debit from a Reserve Bank, the possibility of error or lack of authority in the transmission or processing of a Payment Order. A receiving bank must also notify the Reserve Bank holding its Master Account immediately of any discrepancy between a Payment Order or advice of credit sent by a Reserve Bank to the receiving bank by telephone or electronic data transmission and an advice of credit subsequently mailed or delivered by a Reserve Bank to the receiving bank.

12.0 INFORMATION ENTRIES

- 12.1** Any information recorded in a Subaccount of a sender, receiving bank, or beneficiary is for information purposes only and does not effect payment for purposes of Regulation J, Article 4A or this circular.

13.0 NON-VALUE MESSAGES

- 13.1** The Reserve Banks handle messages that do not generate an accounting entry by the Fedwire® Funds Service system, designated as a subtype code 01 (request for reversal), 07 (request for reversal of prior day transfer), 31 (request for credit transfer), 33 (refusal of request for funds), or 90 (service message). These messages are not Payment Orders, but are subject to the Reserve Banks' format and media requirements, security procedures and time and fee schedules. This Circular does not impose any obligation on the recipient to respond to a request for reversal or credit transfer. A Reserve Bank's liability for damage caused by its failure to exercise ordinary care or act in good faith in processing a non-value message shall not exceed the amount of any fee paid to a Reserve Bank for the message.

14.0 CANCELLATION AND AMENDMENT OF PAYMENT ORDERS

- 14.1** By requesting cancellation or amendment of a Payment Order, the sender may be liable under Section 4A-211 of Article 4A, unless the request states "NO INDEMNITY."

15.0 CHARGES

- 15.1** The fees imposed for funds transfer services are listed in the Reserve Banks' fee schedules as amended from time to time.
- 15.2** The Master Account of the sender, receiving bank, and beneficiary is debited for fees associated with funds transfers over the Fedwire® Funds Service. These fees may be offset against earning credits.

16.0 EMERGENCY CONDITIONS

- 16.1** On-line senders, receiving banks, and beneficiaries are responsible for developing their own contingency and recovery plans, such as back-up computer and operations facilities, to ensure their ability to continue their Fedwire® Funds Service operations in the event of equipment failure or other operational interruption. The Reserve Banks assume no responsibility for providing any back-up access facilities.
- 16.2** In the event of an emergency or failure of a Reserve Bank's computer or operations facilities, Payment Orders may be delayed until the emergency or failure is resolved. During extended disruptions, the Reserve Bank's Fedwire® Funds Service operations may be relocated to an alternate production site. Senders, receiving banks, and beneficiaries should refer to the Reserve Bank's contingency guidelines regarding their requirements and responsibilities during contingency operations.
- 16.3** On-line senders, receiving banks and beneficiaries should be prepared to reconcile their positions up to the point of the failure under the Reserve Bank's instructions.
- 16.4** The Reserve Bank will notify on-line senders, receiving banks and beneficiaries of an operating problem at a Reserve Bank and, should the problem be deemed critical, will give instructions.

17.0 MULTIPLE MASTER ACCOUNTS

- 17.1** Under certain circumstances a sender, receiving bank or beneficiary may have multiple Master Accounts at its Administrative Reserve Bank and/or one or more Master Accounts at Reserve Banks other than its Administrative Reserve Bank.
- 17.2** Notwithstanding any provision of this Circular, during any period when a sender, receiving bank or beneficiary is authorized to maintain multiple Master Accounts, any debit or credit made pursuant to this Circular will be made to the Master Account associated with the identifying number used in the Transfer.

18.0 THIRD PARTY SERVICE PROVIDERS

- 18.1** A Fedwire® Participant may authorize another entity to act as its Service Provider by executing the agreement in Appendix C. A Fedwire® Participant must use the agreement in Appendix C even if it is establishing the Service Provider relationship for contingency purposes only and even if the Service Provider is affiliated with the Fedwire® Participant. Until the agreement in Appendix C is received by the Appropriate Reserve Bank, a Fedwire®

Participant may not use a Service Provider. A Fedwire[®] Participant's authorization is effective no earlier than the business day following the business day that the Appropriate Reserve Bank receives the fully-executed agreement in the form of Appendix C.

- 18.2** By executing the agreement in Appendix C, a Fedwire[®] Participant authorizes a Service Provider to act on its behalf under this Circular and its Appendices and: (a) designates the Service Provider as its agent for accessing the Reserve Bank's systems for processing Funds Transfers and/or Securities Transfers, (b) authorizes the Service Provider to select which security procedures to use to access the Reserve Bank's systems, and (c) authorizes the Reserve Banks to act upon information and instructions of the Service Provider.
- 18.3** Any Funds Transfer or Securities Transfer initiated by, transmitted by or through, or received by or through a Service Provider is as fully authorized and effective a Funds Transfer or Securities Transfer as if it were initiated, transmitted, or received by the Fedwire[®] Participant.
- 18.4** A Funds Transfer or Securities Transfer is sent to a Reserve Bank when it is transmitted to the Fedwire[®] Funds Service by the Service Provider. It is the responsibility of the Fedwire[®] Participant and its Service Provider to implement appropriate security controls to protect any information that flows between the Fedwire[®] Participant and the Service Provider.
- 18.5** By authorizing a Service Provider to act on its behalf, a Fedwire[®] Participant agrees that: (a) its Service Provider may be granted credentials identifying the Service Provider as authorized to access the Fedwire[®] Service(s); (b) its Service Provider may use those credentials to act on behalf of the Fedwire[®] Participant; and (c) at the option of its Service Provider, the Service Provider may use the same credentials to access the Fedwire[®] Service(s) on behalf of other Fedwire[®] Participants that have designated the Service Provider to act on their behalf.
- 18.6** By authorizing a Service Provider to act on its behalf, a Fedwire[®] Participant agrees that (a) the Reserve Banks may establish an electronic connection with the Service Provider for its use in sending and receiving Funds Transfers and/or Securities Transfers on the Fedwire[®] Participant's behalf, and (b) the Service Provider may use the same electronic connection to send and receive Funds Transfers and/or Securities Transfers on behalf of other Fedwire[®] Participants that have designated the Service Provider to act on their behalf.
- 18.7** It is the responsibility of the Fedwire[®] Participant and its Service Provider to establish controls sufficient to ensure that the Service Provider properly segregates the Funds Transfers and/or Securities Transfers of the Fedwire[®] Participant from the Funds Transfers and/or Security Transfers of other Fedwire[®] Participants. The Reserve Banks are not required to take, and will not take, any measures to ensure that the Fedwire[®] Participant's Funds Transfers and/or Securities Transfers are properly identified or segregated by the Service Provider.
- 18.8** By authorizing a Service Provider to act on its behalf, a Fedwire[®] Participant designates the Service Provider as the proper place for sending Funds Transfers and/or Securities Transfers, acknowledgements and other advices and notices. Unless the Fedwire[®] Participant intends to use the Service Provider for contingency purposes only, a Reserve Bank properly executes a Payment Order as stated in paragraph 11.2 of this Circular if it sends an advice of credit representing the Payment Order to the Service Provider. If a Fedwire[®] Participant has informed the Appropriate Reserve Bank that it intends to use its Service Provider for contingency purposes only, the Reserve Bank may send Funds Transfers and/or Securities Transfers, acknowledgements and other advices and notices to the Fedwire[®] Participant or the Service Provider.

- 18.9** A Funds Transfer or Securities Transfer initiated, transmitted, or received by a Service Provider or sent over an electronic connection managed by a Service Provider is subject to this Circular or Operating Circular 7 as appropriate and any other relevant operating circular(s) of the Reserve Bank, as well as any policy or regulation of the Board of Governors of the Federal Reserve System with respect to the wire transfer of funds, book-entry securities, electronic access and payments system risk.
- 18.10** A Service Provider is not a sender or receiving bank as defined in Article 4A.
- 18.11** The designation of a Service Provider by a Fedwire[®] Participant shall in no way affect or diminish any obligation or duty of the Fedwire[®] Participant under this Circular or its Appendices or the terms of any separate Circular or agreement governing a particular Reserve Bank service. It is the responsibility of the Fedwire[®] Participant to ensure that its Service Provider complies with the Fedwire[®] Participant's obligations under this Circular or its Appendices or the terms of any separate operating circular or agreement governing a particular Reserve Bank service. The Fedwire[®] Participant shall retain full responsibility for management of its Master Account with respect to both its intraday and overnight positions. Any overdraft incurred is a binding obligation of the Fedwire[®] Participant to the Reserve Bank holding its Master Account.
- 18.12** A Funds Transfer or Securities Transfer initiated by, transmitted by or through or received by or through a Service Provider constitutes the initiation or receipt of the Transfer by the Fedwire[®] Participant for purposes of authorizing the Reserve Bank to debit or credit the Master Account or Securities Account, as the case may be.
- 18.13** The Fedwire[®] Participant and the Service Provider shall defend, indemnify, and hold the Reserve Banks harmless against any claim, loss, cost or expense, including, but not limited to, attorneys' fees and expenses of litigation, resulting from the third party access arrangement or the acts or omissions of either the Fedwire[®] Participant or the Service Provider or their agents except, however, for any claim, loss, cost or expense arising solely out of a Reserve Bank's failure to exercise ordinary care or to act in good faith.
- 18.14** The Administrative Reserve Bank reserves the right, without prior notice, to terminate any Service Provider arrangement covered by this Paragraph 18. A Fedwire[®] Participant or Service Provider may terminate a third party access arrangement by providing prior written notice to the Appropriate Reserve Bank. Such notice shall be effective on the date stated in the notice, but no earlier than the close of the funds transfer business day of the day written notice is received by the Appropriate Reserve Bank.

19.0 RIGHT TO AMEND

- 19.1** The Reserve Banks reserve the right to amend this Circular at any time without prior notice.

20.0 EFFECT OF THIS CIRCULAR ON PREVIOUS CIRCULARS

- 20.1** This Circular amends and restates the Reserve Banks' Operating Circular 6 on Funds Transfers through the Fedwire[®] Funds Services dated August 1, 2004 (including any appendices and supplements thereto), and shall be effective on September 5, 2006.

Fedwire[®] is a registered service mark of the Federal Reserve Banks. FedLine[®] is a registered trademark of the Federal Reserve Banks. A complete list of marks owned by the Federal Reserve Banks is available at www.frbsservices.org.

APPENDIX A: FUNDS TRANSFER SECURITY PROCEDURES

1.0 GENERAL

- 1.1 The following Security Procedures are offered by the Reserve Banks to each sender that sends a payment order to a Reserve Bank, and to each receiving bank that receives a payment order from a Reserve Bank, for the purpose of verifying the authenticity of a payment order or a communication amending or canceling a payment order (collectively a "payment order"). The Security Procedures are not used to detect an error in the transmission or the content of the payment order.
- 1.2 Prior to selecting a Security Procedure, a sender or a receiving bank may discuss with its Reserve Bank the various options offered by the Reserve Banks to determine which option best satisfies the sender's or receiving bank's business needs given the size, type and frequency of payment orders normally issued by the sender to the Reserve Banks or received by a receiving bank from the Reserve Banks. If a sender or receiving bank determines that none of the Security Procedures offered is acceptable, it may propose an alternative procedure for consideration. However, nothing in this Appendix A requires a Reserve Bank to agree to a Security Procedure other than the standard Security Procedures offered by the Reserve Banks and described in this Appendix A. A Reserve Bank agrees to a nonstandard Security Procedure only by executing a written agreement signed by an authorized representative of the sender or receiving bank describing the agreed upon Security Procedure.

2.0 ON-LINE SECURITY PROCEDURE

- 2.1 The Reserve Banks offer one or more On-Line Security Procedures. On-Line Security Procedures are available to any bank that issues or receives a payment order by means of an encrypted communication between its facilities (or that of a Service Provider) and a Reserve Bank's facilities utilizing a hardware/software system specified by the Reserve Bank. Each bank is responsible for ascertaining that its hardware and software systems comply with the Reserve Bank's specifications.
- 2.2 Each of the On-Line Security Procedures is comprised of the following:
- Security protocols embedded in the hardware and software associated with the equipment used to initiate, transmit and receive a payment order;
 - Access controls that grant access to the Fedwire® Funds Service, such as identification codes, confidential passwords, and digital certificates; and
 - encryption of a payment order during the transmission process over a private network or virtual private network connection.

In addition, each bank issuing or receiving payment orders on-line must implement its own physical and logical security as well as management controls that appropriately protect the hardware, software, and access controls used in the funds transfer process from unauthorized access and use. A sending bank must also have controls in place to ensure that initiation of a payment order occurs from locations it has authorized and requires action by more than one of its employees.

- 2.3 The portions of the security procedures that are the responsibility of the bank are more specifically described in the security documentation provided by the Reserve Bank and amended from time to time.

For Computer Interface customers, this documentation includes:

- the Computer Interface Protocol Specifications (CIPS), and
- Operating Circular 5 to the extent not inconsistent with this Circular;

For FedLine[®] DOS customers, the documentation includes:

- the FedLine[®] Users Guide,
- FedLine[®] Local Security Administrator Guide, and
- Operating Circular 5 to the extent not inconsistent with this Circular; and

For FedLine Advantage[®] customers, the documentation includes

- FedLine Advantage[®] Subscriber Guide,
- FedLine Advantage[®] Technical Support Liaison Guide,
- FedLine Advantage[®] EUAC Access Management Guide, and
- Operating Circular 5 to the extent not inconsistent with this Circular, including the Certification Practice Statement;

For FedLine Directsm Message customers, the documentation includes

- FedLine Directsm Security and Implementation Guide, and
- Operating Circular 5 to the extent not inconsistent with this Circular, including the Certification Practice Statement

The sender or receiving bank is responsible for implementing the procedures set forth in the applicable security documentation provided to it by the Reserve Bank as well as any subsequent modification to the procedures that are designed to strengthen the Security Procedures. If the sender or receiving bank changes a default setting or fails to implement a requirement or “strong recommendation” described in the documentation provided by the Reserve Bank, the sender or receiving bank has unilaterally altered the Security Procedure and solely bears any resulting loss.

3.0 OFF-LINE SECURITY PROCEDURE

- 3.1** The Off-Line Security Procedure is available to any bank that issues or receives a payment order orally by telephone. It is also used when a bank that normally issues or receives a payment order by means of an encrypted communication using the On-Line Security Procedures is unable to do so because of an equipment or communications failure or other circumstances.
- 3.2** In general, when a payment order is issued, the Off-Line Security Procedure involves the use of an identification code by an employee of the sender and may involve a call back or listen back procedure by a Reserve Bank. When the bank is acting as a receiving bank, the Security Procedure involves the use of an identification code provided by a Reserve Bank to an employee of the receiving bank, and the receiving bank is required to call the Reserve Bank back to authenticate the payment order before making the proceeds available to its customer or otherwise acting with respect to the payment order.
- 3.3** The names of the employees of the sender or receiving bank who are authorized to authenticate or issue a payment order must be provided to the Appropriate Reserve Bank by the bank. The list of authorized employees must be in writing and must be signed by an individual vested with authority to conduct business on behalf of the sender or receiving bank.

Fedwire[®] and FedLine Advantage[®] are registered service marks of the Federal Reserve Banks. FedLine Directsm is a service mark of the Federal Reserve Banks. FedLine[®] is a registered trademark of the Federal Reserve Banks. A complete list of marks owned by the Federal Reserve Banks is available at www.frb services.org.



Fedwire® Funds Service
Security Procedure Agreement
Operating Circular 6 - Appendix A-1

Federal Reserve Use Only – Internal FR OAL Verification: Authority <input type="checkbox"/> Signature <input type="checkbox"/> WOS Initials: _____ Date: _____
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To: Federal Reserve Bank of _____
 Administrative Reserve Bank (or Reserve Bank holding the Master Account)

We agree to the provisions of your Operating Circular No. 6 and its appendices A and B, and if applicable D (“Circular”), as amended from time to time.

If we (or a Service Provider that we have designated under Appendix C) use an encrypted communications line with access controls for the transmission or receipt of a payment order to or from a Reserve Bank, we choose the On-Line Security Procedure offered as generally described in Appendix A to the Circular. This Security Procedure will be used for the purpose of verifying that a payment order or a communication amending or canceling a payment order (collectively a “payment order”) was issued or received by us.

If we (or a Service Provider that we have designated under Appendix C) use the telephone to orally transmit or receive a payment order to or from a Reserve Bank, we reject the On-Line Security Procedures offered by you and choose the Off-Line Security Procedures generally described in Appendix A to the Circular. This Security Procedure will be used for the purpose of verifying that a payment order was issued or received by us.

Whenever we (or a Service Provider that we have designated under Appendix C) choose to use one of your Security Procedures, we reject the other Security Procedures, and if any one of the rejected Security Procedures is commercially reasonable for us, we agree to be bound by any payment order, whether or not authorized, if it was issued in our name and accepted by a Reserve Bank in compliance with the Security Procedure we selected, subject to Section 4A-203 of Article 4A of the Uniform Commercial Code.

We understand that the On-Line and Off-Line Security Procedures will not be used to detect an error in the transmission or content of a payment order.

We also understand and agree that the Security Procedures established by this Agreement may be changed only by an amendment to Appendix A, which may be published on a Reserve Bank’s website, or other written agreement. This Agreement may not be changed by an oral agreement or by a course of dealing or custom.

Name of Institution	ABA Number	Date
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Authorized Signature*	Printed Name	Title
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* The signer of this agreement must appear as an authorized individual on your institution’s Official Authorization List currently on file with the Federal Reserve District servicing your Master Account.

Please complete this form and mail original to:

Districts: Boston, New York, Philadelphia, Cleveland, St. Louis and Dallas

Federal Reserve Bank of Boston
 Wholesale Operations Site
 P.O. Box 55882
 Boston, MA 02205

Districts: Richmond, Atlanta, Chicago, Minneapolis, Kansas City and San Francisco

Federal Reserve Bank of Kansas City
 Wholesale Operations Site
 P.O. Box 419033
 Kansas City, MO 64141-6033

APPENDIX B: TIME SCHEDULE FOR FUNDS TRANSFERS THROUGH THE FEDWIRE® FUNDS SERVICE¹

ON-LINE TRANSFERS

Opening of the Fedwire® Funds Service² 9:00 p.m. (ET)

Cut-off Hour for Foreign Payment Orders³ 5:00 p.m. (ET)

Cut-off Hour (other than Settlement Payment Orders)⁴ 6:00 p.m. (ET)

Cut-off Hours for Settlement Payment Orders⁴ 6:30 p.m. (ET)

OFF-LINE TRANSFERS

Opening of the Fedwire® Funds Service² 9:00 a.m. (ET)

Cut-off Hour for Foreign Payment Orders³ 4:30 p.m. (ET)

Cut-off Hour (other than Settlement Payment Orders)⁴ 5:30 p.m. (ET)

Cut-off Hours for Settlement Payment Orders⁴ 6:00 p.m. (ET)

¹ For purposes of determining a Reserve Bank's rights and obligations under Regulation J, Article 4A and this Circular, each Reserve Bank's funds transfer business day begins at 9:00 p.m. Eastern Time on the preceding calendar day and ends at 6:30 p.m. Eastern Time regardless of the Reserve Bank's geographic location or time zone. The Reserve Banks' normal banking days are Mondays through Fridays. The Reserve Banks observe the following standard holidays: All Saturdays, All Sundays, New Year's Day (January 1), Martin Luther King's Birthday (third Monday in January), Presidents' Day (third Monday in February), Memorial Day (last Monday in May), Independence Day (July 4), Labor Day (first Monday in September), Columbus Day (second Monday in October), Veterans' Day (November 11), Thanksgiving Day (fourth Thursday in November), and Christmas Day (December 25). If January 1, July 4, November 11, or December 25 fall on a Sunday, the next following Monday is a standard Reserve Bank holiday. When a non-holiday (for example, a non-holiday Monday) follows a standard holiday (for example, Sunday), the funds transfer business day shall begin at 9:00 p.m. Eastern Time on the holiday (the Sunday).

² The Reserve Banks may decide, in their sole discretion, to open or close the Fedwire® Funds Service at an earlier time, or extend the Fedwire® Funds Service, to facilitate special market needs.

³ A foreign payment order is for a transfer to a foreign central bank or other international agency having an account at the Federal Reserve Bank of New York, and must be designated by type code 15.

⁴ A settlement payment order sent during the settlement period must be designated by type code 16. A settlement payment order is a payment order in which the originator and the beneficiary are each either (i) a bank subject to Federal Reserve reserve requirements (whether or not it actually maintains reserves), or (ii) a participant in a net settlement arrangement approved by a Reserve Bank as an eligible originator or beneficiary of a settlement payment order sent during the settlement period.

Fedwire® is a registered service mark of the Federal Reserve Banks. A complete list of marks owned by the Federal Reserve Banks is available at www.frbservices.org.



Fedwire® Funds and Fedwire® Securities Service

Third Party Service Arrangement Operating Circular 6 - Appendix C

Federal Reserve Use Only – Internal FR
OAL Verification:
Authority <input type="checkbox"/> Signature <input type="checkbox"/>
WOS Initials: _____
Date: _____

Please complete this form and send it to the Wholesale Operations Site for your District.

In accordance with Paragraph 18 of Operating Circular 6, we designate _____ as our Service Provider for the following service(s):

Production & Contingency

Fedwire® Funds Fedwire® Securities Both

Contingency Only¹

Fedwire® Funds Fedwire® Securities Both

We authorize the above designated Service Provider to act on our behalf as specified in the Operating Circular, including the selection of a security procedure.

If our Service Provider will be operating at a location outside of the United States, we represent and warrant that the Third Party Service Arrangement will not result in our noncompliance with any U.S. State and Federal laws and regulations, including but not limited to privacy laws and retaining and making accessible records in accordance with the Bank Secrecy Act and regulations promulgated thereunder.

Fedwire® Participant	ABA Number	Date
Authorized Signature	Printed Name	Title

¹ If a Fedwire® Participant intends to use its Service Provider for contingency purposes only, the Reserve Bank may send Funds Transfers and/or Securities Transfers, acknowledgments and other advices and notices to the Fedwire® Participant or the Service Provider.

We agree to the terms of your Operating Circular 5, and Operating Circulars 6 and 7 as appropriate and agree to act as a Service Provider for _____ (“Fedwire[®] Participant”). We plan to provide these services from our offices located at:

 Address City State Zip

If this location is outside of the United States, we agree that Operating Circular 5, and Operating Circulars 6 and 7 as appropriate and this Appendix C are governed by the federal law of the United States of America and, to the extent not inconsistent therewith, the law of the state in which the Reserve Bank's head office is located (excluding that state's law regarding conflicts of law) and hereby:

- irrevocably submit to the exclusive jurisdiction of the U.S. District Court and Division where the head office of the Reserve Bank is located with respect to any suit, action or proceeding arising out of or relating to this Third Party Service Provider Arrangement, and hereby irrevocably agree that all such matters may be heard and determined in such court;
- expressly submit to the jurisdiction in personam of such court and waive any objection to venue in such court with respect to any suit, action or proceeding arising out of or relating to this Third Party Service Provider Arrangement; and
- irrevocably appoint _____, with an office at _____ (address), as our agent to receive on our behalf service of copies of the summons, complaint and any other process which may be served in any suit, action or proceeding referred to above.

 Service Provider ABA Number Date
 (If applicable)

 Authorized Signature Printed Name Title

Please complete this form and mail original to:

Districts: Boston, New York, Philadelphia, Cleveland, St. Louis and Dallas

Districts: Richmond, Atlanta, Chicago, Minneapolis, Kansas City and San Francisco

Federal Reserve Bank of Boston
 Wholesale Operations Site
 P.O. Box 55882
 Boston, MA 02205

Federal Reserve Bank of Kansas City
 Wholesale Operations Site
 P.O. Box 419033
 Kansas City, MO 64141-6033

Fedwire[®] is a registered service mark of the Federal Reserve Banks. A complete list of marks owned by the Federal Reserve Banks is available at www.frbsservices.org.

APPENDIX D: FEDPAYMENTSSM MANAGER FOR THE FEDWIRE[®] FUNDS SERVICE

This Appendix sets forth the terms under which a Reserve Bank provides the FedPaymentsSM Manager service. A sender, receiving bank or beneficiary that uses the FedPaymentsSM Manager service (collectively a “Customer”) agrees to be bound by this Appendix D.

1.0 GENERAL

- 1.1 FedPaymentsSM Manager is an application running on Reserve Bank servers that a sender, receiving bank or beneficiary may use to create, send and receive Fedwire[®] Messages. The Reserve Banks own and operate FedPaymentsSM Manager. A user of FedPaymentsSM Manager has only those rights of use expressly provided herein.
- 1.2 In no event shall a Customer or its officers, employees, agents, or contractors:
 - 1.2.1 modify, add to, translate, reverse assemble, reverse compile, decompile or otherwise attempt to derive the source code for FedPaymentsSM Manager,
 - 1.2.2 introduce malicious code or other information (e.g., virus, trojan horse, worm) which could adversely impact the performance of the FedPaymentsSM Manager, or
 - 1.2.3 attempt to interfere with the normal operation of a Reserve Bank server or of the network over which FedPaymentsSM Manager is provided.
- 1.3 A sender, receiving bank or beneficiary accessing the Fedwire[®] Funds Service through the FedLine Advantage[®] access channel uses FedPaymentsSM Manager when sending and receiving Fedwire[®] Messages.
- 1.4 A sender may use FedPaymentsSM Manager to format Payment Orders to be submitted to the Fedwire[®] Funds Service and to receive Acknowledgements of receipt of a Payment Order it issues over the Fedwire[®] Funds Service. A sender that uses FedPaymentsSM Manager to initiate a Payment Order or to receive Acknowledgements agrees to the terms and conditions in this Appendix D.
- 1.5 A receiving bank or beneficiary may use FedPaymentsSM Manager to receive Payment Orders and non-value messages sent to it over the Fedwire[®] Funds Service. A receiving bank or beneficiary that uses FedPaymentsSM Manager to receive Payment Orders or non-value messages agrees to the terms and conditions in this Appendix D.
- 1.6 FedPaymentsSM Manager is not a funds transfer system and this Appendix D is not a funds transfer system rule.
- 1.7 Unless otherwise stated in this Appendix D, a term defined in Regulation J, including a term defined in Article 4A of the Uniform Commercial Code to the extent consistent with Regulation J, or Operating Circular 6, has the same meaning in this Appendix D. In addition, for purposes of this Appendix D, the term:
 - 1.7.1 “Message” means a Payment Order or a non-value message;
 - 1.7.2 “Acknowledgement” means an outgoing Message the status of which is shown in FedPaymentsSM Manager as “completed” or “rejected”; and
 - 1.7.3 “Advice of Credit” means a Payment Order listed in an incoming message folder.

2.0 MESSAGE STATUS

- 2.1** A Message entered into FedPaymentssm Manager may be cancelled by the user at any time prior to the release of the Message to the Fedwire[®] Funds Service.
- 2.2** A Message entered into FedPaymentssm Manager does not give rise to any obligation on the part of a Reserve Bank to act with respect to the Message unless and until the Message is received by the Fedwire[®] Funds Service.
- 2.3** A Message is received by the Fedwire[®] Funds Service when the Fedwire[®] Funds Service time-stamps the Message. Once received by the Fedwire[®] Funds Service, Regulation J and Operating Circular 6 govern the processing of the Message by the Reserve Banks. The Fedwire[®] Funds Service time-stamp determines whether a particular Fedwire[®] cut-off hour has been met.
- 2.4** A Message entered into FedPaymentssm Manager that shows a status of “awaiting service availability” is released by the FedPaymentssm Manager to the Fedwire[®] Funds Service when the Fedwire[®] Funds Service opens.
- 2.5** A Message that has been released by FedPaymentssm Manager to the Fedwire[®] Funds Service will not necessarily be accepted by the Fedwire[®] Funds Service.

3.0 ACKNOWLEDGEMENTS, PAYMENT ORDERS/ADVICES OF CREDITS AND ADVICES OF DEBIT

- 3.1** A Customer designates FedPaymentssm Manager as the proper place for sending Messages, Acknowledgements and other advices and notices. A Reserve Bank properly executes a Payment Order as stated in Operating Circular 6 paragraph 11.2 or when the Reserve Bank makes the advice of credit representing the Payment Order available to the Customer in FedPaymentssm Manager.
- 3.2** A Customer is deemed to have received a Message, Acknowledgement, or other advice or notice sent by a Reserve Bank at the time that the Message, Acknowledgement, or other advice or notice is made available to the Customer in FedPaymentssm Manager if FedPaymentssm Manager is open, or, if FedPaymentssm Manager is not open, at the time that FedPaymentssm Manager reopens with the posted Message, Acknowledgement, or other advice or notice. It is the responsibility of a Customer to monitor FedPaymentssm Manager for incoming Messages, Acknowledgements, and other advices or notices and to manage its communications connection (including its browser) to permit the Customer to access FedPaymentssm Manager throughout a Fedwire[®] funds transfer business day.
- 3.3** If a Customer provides the Reserve Bank with an e-mail address, the Reserve Bank will make best efforts, but is under no obligation, to send to that address an e-mail noting that a Message (including a Payment Order or a notice of rejection) has been delivered to the Customer in FedPaymentssm Manager. A Customer may provide the Reserve Bank with up to five e-mail addresses for these purposes.

4.0 SERVICE UNITS

- 4.1** A Customer may establish one or more service units in FedPaymentssm Manager to accommodate the Customer's specific informational needs. The use of multiple service units is for the convenience of the Customer only and does not create any special obligations on the part of a Reserve Bank with respect to Messages released by the various service units.

- 4.2** Any name used by a Customer or a Reserve Bank to identify a service unit is for convenience only and does not in any way alter or affect the Reserve Bank's right to treat the Customer as exclusively entitled to instruct the Reserve Banks with respect to the Customer's account.

5.0 TREATMENT OF INFORMATION

- 5.1** Information created or received in FedPaymentssm Manager is treated as confidential information of the Customer and will be used by the Reserve Banks only as provided in 5.2 below.
- 5.2** The Reserve Banks may access and use information in FedPaymentssm Manager.
- 5.2.1** To respond to a request of the Customer that entered the information into FedPaymentssm Manager.
- 5.2.2** To perform routine backup and maintenance;
- 5.2.3** For reconciliation purposes during a Fedwire[®] Funds Service or FedPaymentssm Manager contingency;
- 5.2.4** To resolve the status of a Message that has been released to the Fedwire[®] Funds Service but, after a reasonable period of time, has not been accepted or rejected by the Fedwire[®] Funds Service;
- 5.2.5** As required by law; or
- 5.2.6** As permitted by law if such use is also consistent with the Reserve Banks' information access policy.
- 5.3** Except as provided below, a Customer may view in FedPaymentssm Manager and print a Message, Acknowledgement, and other advice or notice created or received by the Customer in FedPaymentssm Manager only during the current cycle date and the preceding 15 months. Certain audit trail information is also available for viewing and printing in FedPaymentssm Manager for this period. With the exception of Messages that have been created in FedPaymentssm Manager but have not yet been released to the Fedwire[®] Funds Service, all information in FedPaymentssm Manager is deleted if it is more than 15 months old.
- 5.4** A Customer may export a Message created in FedPaymentssm Manager that has a status of "completed" as well as any Message it received in FedPaymentssm Manager only on the current cycle date.
- 5.5** Any information backed-up from FedPaymentssm Manager is also subject to the limitations in section 5.2.

6.0 HOURS OF OPERATION

- 6.1** FedPaymentssm Manager is available from 8:00 p.m. ET each day that precedes a Fedwire[®] funds transfer business day until 7:00 p.m. ET the next day. The Reserve Banks may decide, in their sole discretion, to open or close FedPaymentssm Manager at an earlier time to facilitate special market needs.

- 6.2** If there is an extension of the Fedwire[®] Funds Service operating hours, FedPaymentssm Manager may also be extended. The reopening of FedPaymentssm Manager may also be affected if there is a Fedwire[®] Funds Service extension.
- 6.3** The Reserve Banks reserve the right to restrict access to FedPaymentssm Manager at any time the Reserve Banks have reason to believe access poses a risk to the security or proper functioning of FedPaymentssm Manager or the Fedwire[®] Funds Service.

7.0 LIABILITY

- 7.1** The Reserve Banks are not liable for loss or damage resulting from a problem beyond their reasonable control. This includes, but is not limited to, loss or damage resulting from any delay, error or omission in the transmission of any message to or from FedPaymentssm Manager and the Customer or resulting from the services provided by an internet service provider. Reserve Banks are not liable for any loss or damage resulting from FedPaymentssm Manager being unavailable. Additionally, Reserve Banks are not liable for loss or damage resulting from acts of war, riots, civil unrest, strikes, labor disputes, acts of terrorism, acts of God or acts of nature.
- 7.2** Nothing in this Circular shall be deemed to relieve a Reserve Bank from responsibility for its own failure to exercise ordinary care or to act in good faith. However, a Reserve Bank's liability is strictly limited to damages proximately suffered by the Institution, and does not extend to lost profits, claims by third parties, or consequential or incidental damages, even if the Reserve Bank has been informed of the possibility of such damages.

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FedPaymentssm is a service mark of the Federal Reserve Banks.
A complete list of marks owned by the Federal Reserve Banks is available at www.frbervices.org.