

Summary of Key Changes

New Appendices to Operating Circular 6

November 9, 2011

Effective November 21, 2011, the Federal Reserve Banks are amending Operating Circular 6, *Funds Transfers Through the Fedwire® Funds Service*, to add appendixes E, E-1, and E-2. These appendixes relate to a feature of the new Fedwire Funds Service customer transfer plus (CTP) message that will permit an originator (or the originator's bank) to request an e-mail from the beneficiary's bank notifying it when the beneficiary's bank has credited or otherwise paid the beneficiary. This payment notification feature will become available when the CTP message is introduced to the Fedwire Funds Service effective with the opening of the funds transfer business day for November 21, 2011.

Key aspects of the new appendixes are described below:

Appendix E (Payment Notification)

- The appendix sets forth the role of the Federal Reserve Banks and the obligations of banks with respect to use of the payment notification feature.
- Banks may use the new payment notification feature by opting to join the Payment Notification User Group (PNUG). The appendix explains how a bank may join and withdraw from the PNUG. The Federal Reserve Banks will maintain a directory of banks that are members of the PNUG, which will be publicly accessible on FRBservices.org so that the party seeking payment notification can determine whether the beneficiary's bank is willing to provide such notification.
- The Federal Reserve Banks will also maintain a list of e-mail addresses from which beneficiaries' banks will send notification so that the party seeking payment notification can add those e-mail addresses to its "safe senders" lists to prevent payment notification e-mails from getting trapped by an antispam filter.
- The appendix provides that parties to a funds transfer agree that use of the payment notification feature is not a condition to payment and does not alter application of Regulation J, article 4A of the Uniform Commercial Code, Operating Circular 6, or any funds-transfer system rule to payment orders or the funds transfers to which the payment orders relate.
- The appendix includes a number of provisions that disclaim or limit Federal Reserve Bank liability.

Appendix E-1 (Payment Notification User Group Agreement for Participant Members)

- A bank that is a Fedwire Funds Service participant may join the PNUG by completing this agreement. In executing appendix E-1, the bank explicitly agrees to the provisions of Operating Circular 6, including appendix E, and acknowledges it should use best efforts to follow the Payment Notification Guidelines, which are market practices

published on FRBservices.org that are designed to facilitate use of the payment notification feature.

Appendix E-2 (Payment Notification User Group Agreement for Nonparticipant Members)

- A bank that is not a Fedwire Funds Service participant may only join the PNUG by arranging for a participant that is a member of the PNUG to agree to act on its behalf. Such “Agent Banks” do so by completing and executing appendix E-2, in which they represent and warrant, among other things, that they have the authority to act on behalf of the “Nonparticipant Members.” Agent Banks are required to obtain a written agreement from each Nonparticipant Member in which the latter agrees to the provisions of appendix E to Operating Circular 6 and acknowledges it should use best efforts to follow the Payment Notification Guidelines.

Several other technical changes are being made to Operating Circular 6:

- The table of contents has been updated to reflect the addition of the new appendixes.
- Paragraph 20.1 has been revised to reflect the effective date of this amendment.
- The address to which the following agreements are to be sent has been updated: appendix A-1 and appendix C.
- References to trademarks and service marks have been updated to reflect registrations since the operating circular was last revised or to conform to current Federal Reserve mark attribution guidelines.

Your continued use of the Fedwire Funds Service on or after November 21, 2011, constitutes agreement to the terms of Operating Circular 6 other than appendix E. If you are interested in using the payment notification feature, you will need to review appendix E and complete and execute the appropriate agreement (appendix E-1 or appendix E-2).

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