Summary of Changes to Operating Circular 1

Effective September 1, 2023, the Federal Reserve Banks will amend Operating Circular 1, Account Relationships, including its appendices, to update terminology to be consistent with current billing systems and to also improve the readability of the document.

A comparison reflecting the updated version to the prior version (dated August 16, 2021) will remain available on FRBservices.org® during the transition window. As a summary, the Federal Reserve Banks are making the following key changes to the operating circular:

- Operating Circular 1
  - Clarification of definitions and addition of new definitions.
  - Addition of a notification requirement for customers who change location.
  - Revisions made with respect to access to and termination of accounts and services to align Operating Circular 1 with the Guidelines for Evaluating Account and Services Requests established by the Board of Governors of the Federal Reserve System.
  - Terms added to allow Reserve Banks to rely on forms with prefilled information signed by a customer, use a third-party verification service and use any feedback provided by a customer.
  - Provision added regarding Reserve Banks’ acceptance of electronic signatures.
  - The governing law section has been revised to refer to the laws of the state of the “head office of the applicable Reserve Bank,” rather than the Administrative Reserve Bank.

- Appendix 1 (Master Account Agreement)
  - Language added to address information which may be prefilled on the form.
  - Language added to incorporate additional terms and conditions which may be imposed by the Administrative Reserve Bank.
  - Clarified the form effective date will be no earlier than the business day following the business day that the Reserve Bank processes the request.
  - Additional technical clarifications made.

- Appendix 2 (Transaction and Service Fee Settlement Authorization Form)
  - Language added to address information which may be prefilled on the form.
  - Language added to incorporate additional terms and conditions which may be imposed by the Administrative Reserve Bank.
  - FedNow® Service transaction code added.
  - Additional technical clarifications made.

- Appendix 3 (Pass-Through Agreement)
  - Language added to address information which may be prefilled on the form.
  - Additional technical clarifications made.
Appendix 4 (FedTransaction Analyzer® Service)
  o Updates made to conform to Operating Circular 1.
  o Clarification made that the Service will be used by Customers for internal business purposes only.

See the links below for the official version of amended Operating Circular 1 and the redlined version of amended Operating Circular 1 published on FRBservices.org.

Amended Operating Circular 1

Redlined version of amended Operating Circular 1

Your continued use of the Federal Reserve Financial Services on or after September 1, 2023, constitutes agreement to the new terms of Operating Circular 1.

“FRBservices.org,” “FedNow” and “FedTransaction Analyzer” are service marks of the Federal Reserve Banks. A list of marks related to financial services products that are offered to financial institutions by the Federal Reserve Banks is available at FRBservices.org.