

Amendments to Financial Services Operating Circulars
Effective January 5, 2026
Summary of Changes

The Federal Reserve Banks, through Federal Reserve Financial Services (FRFS), are amending and updating certain operating circulars governing financial services as part of an initiative to modernize the operating circulars. Capitalizing on the consolidation of financial services within the FRFS national business line, we are identifying opportunities for better standardization of legal terms across financial services operating circulars and working to impact the customer experience through simplification and incremental consolidation of terms. Changes will be implemented in phases. The ultimate end product will be a streamlined set of rules governing the services that should be easier for customers to digest as well as for Reserve Banks to periodically update. Related to the operating circular modernization efforts, FRFS also is consolidating, reducing, and streamlining use of forms for each service, starting with the forms related to Operating Circular 3. The Reserve Banks are rolling out some of the changes to the forms simultaneously with the noted operating circular changes.

Effective at the same time as the operating circular modernization revisions, FRFS is adding a new appendix to Operating Circular 5 to support a new offering called the Payee Name Verification Service that is expected to become available in 2026.

Amended Operating Circulars

- Operating Circular 3 (*Collection of Cash Items and Returned Checks*)
- Operating Circular 4 (*Automated Clearing House Items*)
- Operating Circular 5 (*Electronic Access*)
- Operating Circular 6 (*Funds Transfers through the Fedwire® Funds Service*)
- Operating Circular 7 (*Fedwire Securities Service*)
- Operating Circular 8 (*Funds transfers through the FedNow® Service*)

Consolidation in Operating Circular 5

To achieve consolidation, FRFS is relocating provisions in each operating circular that are applicable to multiple financial services into Operating Circular 5, which already contains terms generally applicable across financial services. Accordingly, Operating Circular 5 is being renamed *General Financial Service Provisions* and has a new section that includes these commonly applicable terms. As changes are implemented over a series of future phases, Operating Circular 5 will serve as the core set of contractual terms across Reserve Bank financial services, with the other financial services operating circulars containing only service-specific terms (e.g., OC 3 for check services terms, OC 4 for FedACH® terms). To the extent of any conflict between general terms in Operating Circular 5 and a service-specific operating circular, the service-specific terms shall govern.

General Changes – Standardization and Consolidation

Through the set of updates effective January 5, 2026, the Reserve Banks are standardizing some terms across operating circulars, including:

- Streamlining and conforming language in introductory paragraphs, including specific references to general financial service terms in Operating Circular 5, and governing law provisions;
 - Moving some defined terms from elsewhere in operating circulars into definition sections;
 - Moving footnote text into main body of operating circular, as applicable; and
 - Generally reordering and renumbering.
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The Reserve Banks are also consolidating certain terms from the various operating circulars into Operating Circular 5, including terms regarding: (i) termination and access restrictions, (ii) recovery, resiliency, and testing, (iii) fees, and (iv) Reserve Bank use, disclosure, and sharing of information. Please look at Operating Circular 5 for these provisions, which are now standardized and applicable across each financial service.

Additional Operating Circular 3 Modernization Revisions

In addition to the changes described above, Operating Circular 3 has the following changes, among others:

- Additional reorganization, including moving some appendix terms to the main operating circular;
- Removing reference to Fedwire Securities Service issuer guide in section 5.1 (old section 4.1), which no longer includes issuer contact information;
- Adding a new subsection 4.4(e) that clarifies that unless a Reserve Bank separately agrees to handle a check drawn on a Reserve Bank as a cash item, the Reserve Bank may charge back the check by returning it or by rejecting it and making an adjustment;
- Aligning the email delivery provisions for the FedPayments® Reporter Service in appendix H of Operating Circular 3 with those in appendix F1 of Operating Circular 4, including making certain reports available only to designated email addresses of the customer, its authorized agent, or the customer's corporate account holder (who is the payor of an item or returned check from which a certain report is generated) via an encrypted email;
- Making some clarifications and updates in section 21 (old section 20) on adjustments;
- Making revisions to section 24 (old section 23) on use of a service provider of a participating bank, including changes reflecting simplification of the Check 21 Agency Agreement form, which was revised and renamed Check Service Provider Agreement; and
- Revising language throughout to clarify original intent of certain provisions.

Additional Operating Circular 8 Modernization Revisions

In addition to the changes described above, section 2.6 of appendix C to Operating Circular 8 is adjusted to expressly allow Reserve Banks to share FedNow Participants' fraud contact information with other financial institutions.

Payee Name Verification Service Terms

Effective at the same time as the above operating circular modernization revisions, a new Appendix E is added to Operating Circular 5, which sets forth the terms applicable to a new offering called the Payee Name Verification Service that is expected to become available in 2026. The service is designed to help Institutions address fraud and misdirected payments by providing a means for a requesting party to evaluate whether the intended payee's name is consistent with the title of the intended payee account (routing and account number) prior to issuing a payment.