

Summary of Changes to Operating Circular 4 (effective January 2, 2024)

Effective January 2, 2024, the Federal Reserve Banks will amend Operating Circular 4 to add (i) a new Appendix I that states the terms under which the Federal Reserve Banks provide FedDetect[®] Anomaly Notification for FedACH[®] Services (“FedDetect Anomaly Notification”), (ii) a new Appendix J that states the terms under which the Federal Reserve Banks offer FedACH discount fee programs (each, a “Fee Program”), and (iii) a new section 20.0 that states terms that apply to banks’ use of FedDetect Anomaly Notification and other information features or services provided under appendices to Operating Circular 4. The Federal Reserve Banks will announce at a later date when FedDetect Anomaly Notification will be made generally available to banks in accordance with Appendix I. The Fee Programs offered pursuant to Appendix J will become effective January 2, 2024.

This summary describes the key changes that the Federal Reserve Banks will make to Operating Circular 4. The redlined version of amended Operating Circular 4 published on the FRBservices.org[®] website reflects all changes that the Federal Reserve Banks will make to the operating circular, including changes not described below.

Appendix I to Operating Circular 4

- Sections 1.1 and 1.4 identify which banks may become FedDetect Anomaly Notification customers.
- Sections 2.0 and 3.0 describe how banks may enroll in FedDetect Anomaly Notification by enabling use case criteria, how FedDetect Anomaly Notification functions, and when it provides notifications to customers.
- Section 5.0 explains that customers may unenroll from FedDetect Anomaly Notification by disabling all use case criteria and describes when the Federal Reserve Banks may unenroll a customer from FedDetect Anomaly Notification.
- Section 6.0 explains that (i) FedDetect Anomaly Notification does not vary the Federal Reserve Banks’ security procedures for FedACH and (ii) nothing in the appendix constitutes an agreement or instruction restricting a Federal Reserve Bank’s acceptance of payment orders under U.C.C. section 4A-202(b) or relieves customers of their responsibility to comply with risk management or information security requirements applicable to them.
- Section 8.0 describes customers’ responsibilities with respect to information they receive through FedDetect Anomaly Notification and how they may use and disclose such information.
- Section 9.0 contains terms regarding the Federal Reserve Banks’ liability in providing FedDetect Anomaly Notification and when a customer may be required to indemnify, defend, and hold the Federal Reserve Banks harmless for a claim, loss, harm, or cost resulting from sending notifications to the customer.

Appendix J to Operating Circular 4

- Section 2.0 describes how the Federal Reserve Banks provide Fee Programs.
 - Section 3.0 describes how a bank may become a participant in a Fee Program by completing the Fee Program’s enrollment procedures, how a participant terminates its enrollment in a Fee Program, and when the Federal Reserve Banks may terminate a participant’s enrollment in a Fee Program.
 - Section 4.0 contains terms regarding the Federal Reserve Banks’ liability in connection with providing a Fee Program and when a customer may be required to indemnify and hold the Federal Reserve Banks harmless for a claim, loss, harm, or cost incurred in connection with providing a Fee Program.
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Section 20.0 to Operating Circular 4

- Sections 20.2 and 20.3, respectively, require banks to acknowledge that the Federal Reserve Banks (i) may use, disclose, or share information collected through any FedACH information features or services provided under the appendices to Operating Circular 4 as prescribed in the Federal Reserve Banks' Operating Circular 1 and (ii) will use and disclose information collected under the applicable appendices consistent with the exceptions to consumer notice and optout rights outlined in the CFPB's Regulation P (12 CFR part 1016).
- Sections 20.4 and 20.5, respectively, require banks to (i) obtain consent from their customers and make related customer disclosures in connection with the use and disclosure of information in accordance with the applicable appendices and (ii) warrant that they are authorized to share information with the Federal Reserve Banks and that the Federal Reserve Banks are authorized to use and disclose the information as described in the applicable appendices, in each case without further consent of or disclosure to any person.

Your continued use of or access to FedACH on or after January 2, 2024 constitutes agreement to the amended terms of Operating Circular 4. The official version of amended Operating Circular 4 and the redlined version of the amended operating circular are published on the operating circulars page of the FRBservices.org[®] website, which can be accessed using the link below. To request a paper copy of any operating circular, contact your Federal Reserve Bank Support Center.

<https://frbervices.org/resources/rules-regulations/operating-circulars.html>

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