Summary of Changes to Operating Circular 6

Effective March 8, 2021, the Federal Reserve Banks will amend Operating Circular 6, Funds Transfers Through the Fedwire® Funds Service, including its appendixes, to support the addition of a third same-day automated clearinghouse (ACH) processing and settlement window on March 19, 2021 and to make other changes to the operating circular.

As reflected in the redlined version of Operating Circular 6 published on the FRBservices.org® website, the Federal Reserve Banks will make the following key changes to the operating circular:

- Section 2.0 will be modified to revise the definitions for terms used in Operating Circular 6, including the changes described below. The Federal Reserve Banks will make changes throughout Operating Circular 6, including its appendixes, to incorporate the revised definitions.
  - Definitions will be added for several message terms used in Operating Circular 6: “Acknowledgment,” “Advice of Credit,” “Message,” “Nonvalue Message,” and “Rejection.”
  - Definitions will be added for “Offline” and “Electronic Connection.”
  - A definition will be added for “Cutoff Time.” This definition will replace the term “cut-off hour,” which is defined in section 10.2 of the currently effective Operating Circular 6. Section 10.3 will describe the different types of Cutoff Times that the Federal Reserve Banks may set.
  - A definition will be added for “Funds Schedule.” The Funds Schedule, which will be contained on a new wholesale services operating hours page published on the FRBservices.org website, will state the operating hours for the Federal Reserve Banks’ funds-transfer business day and each holiday that is not a funds-transfer business day.
  - The provision describing payment orders will be removed from section 2.0. A new section 11.1 will describe when Messages are Advices of Credit, payment orders, notices of credit, and Nonvalue Messages. Note that the term “payment order” is defined in Operating Circular 6 by reference to subpart B of Regulation J of the Board of Governors of the Federal Reserve System (12 C.F.R. part 210) (“Regulation J”).
  - The descriptions of “sender’s account,” “receiving bank’s account,” and “beneficiary’s account” for purposes of Operating Circular 6 and subpart B of Regulation J will be moved to a new section 3.3.
- A new section 8.5 will be added that requires a Funds Participant that receives Offline Messages to be available to receive on a timely basis Messages over the telephone during the Federal Reserve Banks’ funds-transfer business day. The provision states that a Federal Reserve Bank may limit the number of attempts it make to send a Message if the Funds Participant fails to be available in such a manner.
- Section 10.0 will be modified to remove the operating hours of the Federal Reserve Banks’ funds-transfer business day and to refer to the operating hours stated in the Funds Schedule. In addition to other content, the Funds Schedule will contain the following information:
The Funds Schedule will contain revised descriptions of Cutoff Times and
detailed information on the times when Funds Participants may queue Messages
and when Messages will be processed that is not contained in the currently
effective Operating Circular 6.

The Funds Schedule will reflect the expansion of the Fedwire Funds Service in
support of the addition of the third same-day ACH processing and settlement
window. For online messages, the Cutoff Time for type code 10 messages will be
moved from 6:00 p.m. ET to 6:45 p.m. ET, and the Cutoff Time for type code 16
messages and the closing of the Fedwire Funds Service will be moved from 6:30
p.m. ET to 7:00 p.m. ET. For offline messages, the Cutoff Time for type code 10
messages will be moved from 5:30 p.m. ET to 6:15 p.m. ET, and the Cutoff Time
for type code 16 messages and the closing of the Fedwire Funds Service will be
moved from 6:00 p.m. ET to 6:30 p.m. ET.

The Funds Schedule will state that the Fedwire Funds Service begins to process
Online payment orders at 9:00 p.m. ET on the calendar day preceding the Federal
Reserve Banks’ funds-transfer business day. Currently, the Fedwire Funds
Service begins to process Online payment orders at 8:55 p.m. ET, which means
that Funds Participants currently may see Online payment orders settle before the
9:00 p.m. ET opening of the Fedwire Funds Service stated in the currently
effective Operating Circular 6. Effective March 8, 2021, the Fedwire Funds
Service will not begin to process Online payment orders until 9:00 p.m. ET.

Section 10.0 also will be modified to remove the criteria that the Federal Reserve Banks
use to consider a request from a Funds Participant for an extension of the operating hours
of the Fedwire Funds Service. Section 10.0 instead will refer to and describe the Federal
Reserve Banks’ guidelines for considering a request from a Funds Participant for an
extension of the operating hours of the Fedwire Funds Service. These guidelines will be
contained on a new wholesale services extension guidelines page published on the
FRBservices.org website.

A new section 13.3 will be added to clarify that the Federal Reserve Banks do not have
an obligation to cancel or amend a payment order, even if it receives from a Funds
Participant a Message seeking to cancel or amend the payment order. Rather, if such a
Message is accepted by a Federal Reserve Bank, the Federal Reserve Banks’ only
obligation is to send the Message to the Funds Participant identified by the sender of the
Message as the Funds Participant to receive it.

A new section 16.7 will be added that states the obligations of Funds Participants with
respect to sending and handling test messages.

A new section 21.1 will be added that states the Federal Reserve Banks are not liable for
any loss or damage arising from a Funds Participant’s or Service Provider’s use of any
product or service not supplied, owned, or operated by a Federal Reserve Bank that
interacts or interfaces with, or otherwise facilitates, a Funds Participant’s or Service
Provider’s use of or access to the Fedwire Funds Service. This includes any product or
service through which the Federal Reserve Banks make available format-related
information.

The instructions in Appendix A-1, Fedwire Funds Service Security Procedure
Agreement, and Appendix C, Service Provider Agreement for the Fedwire Funds Service
and Fedwire Securities Service, will be amended to state that these agreements may be
submitted by mail or email and that the Federal Reserve Banks may agree to accept electronic signatures on these agreements.

- The content of Appendix B, *Time Schedule for Funds Transfers Through the Fedwire Funds Service*, will be removed from Operating Circular 6, and this appendix will be reserved for future use.

- Appendix D, *FedPayments® Manager for the Fedwire Funds Service*, will be amended as follows:
  - Definitions for terms that will be defined in the body of Operating Circular 6 will be removed from section 2.2.
  - A new section 3.2 will be added to clarify when Messages entered into FedPayments Manager before the opening of the Fedwire Funds Service are released by FedPayments Manager to the Fedwire Funds Service for processing.
  - Section 9.1 will be modified to remove the hours of availability for FedPayments Manager and to refer instead to the hours of availability for FedPayments Manager published on the wholesale services operating hours page. Section 9.1 also will be revised to clarify that the Federal Reserve Banks may make FedPayments Manager available outside the hours of the Federal Reserve Banks’ funds-transfer business day, during which time FedPayments Manager may have limited functionality.

The redlined version of amended Operating Circular 6 published on the FRBservices.org website reflects all changes that the Federal Reserve Banks will make to Operating Circular 6, including changes not described above.

See the links below for the official version of amended Operating Circular 6 and the redlined version of amended Operating Circular 6 published on the FRBservices.org website. To request a paper copy of any operating circular, contact your Customer Contact Center. The new wholesale services operating hours and extension guidelines pages will be published on the FRBservices.org website no later than February 8, 2021.

**Amended Operating Circular 6**

**Redlined version of amended Operating Circular 6**

Your continued use of the Fedwire Funds Service on or after March 8, 2021 constitutes agreement to the new terms of Operating Circular 6.

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