

The Federal Reserve Banks are amending Operating Circular No. 5, "Electronic Access," effective June 1, 2002. The revised Operating Circular No. 5 will govern electronic access to Reserve Bank services. Use of electronic access to obtain Reserve Bank services on or after June 1, 2002, will constitute agreement to the new terms.

The revised Operating Circular No. 5 incorporates a number of technical amendments. The following highlights some of the primary revisions:

Introduction

Section 1.1 has been amended to include telephone voice response systems in the definition of electronic connections.

Electronic Access Services

Section 1.2 has been amended to include Treasury investments as an electronic access service.

Electronic Connection Restrictions

Section 4.4 has been amended to allow depository institutions to use the software on computers and terminals located at third party vendor contingency sites where depository institution personnel are present and operating the systems.

Disclaimer of Warranty

Section 4.5 has been amended to clarify a Reserve Bank's obligation in the event of malfunctioning equipment or hardware.

Unauthorized Disclosure or use of Software

Section 4.6 has been amended to clarify the depository institution's responsibility for equipment that is no longer in use in order to insure that any confidential, sensitive or classified data is deleted.

Compliance with Reserve Bank Standards

Section 5.3 has been amended to clarify the depository institution's responsibility for implementing appropriate physical security as well as management controls to protect the equipment and software used to exchange data with a Reserve Bank from unauthorized use.

Return of Reserve Bank Equipment and Software: Survival

Section 7.2 has been amended to include specific procedures a depository institution should undertake upon termination of an electronic connection including disabling the encryption card, returning Reserve Bank-supplied equipment and destroying the software and documentation.

Depository institutions that participated in the FedLine[®] for the Windows NT[®] operating system Early Implementers program have been given specific instructions from the Federal Reserve Banks on terminating their electronic connections. Those instructions supercede this section of the Operating Circular.

Forum, Governing Law and Time for Actions

Section 8.1 has been amended to narrow the forum for suits relating to a Reserve Bank's services pursuant to this operating circular.

This summary information does not describe all the provisions of the circular or include complete detail of the revisions. The revised circular is available in its entirety on the Federal Reserve's Financial Services Web site at <http://www.frbervices.org>. From the Web site you may read, download, and print the operating circular. From the home page, click on "Electronic Access" and then "Operating Circular #5". To request a paper copy of the circular or for additional information about the revisions to Operating Circular No. 5, please contact your local Business Development representative.

Sincerely,

John P. Baumgartner
Vice President