

**To All Depository Institutions and Others
Concerned in the Eighth Federal Reserve District:**

Last year, the Federal Reserve Banks (Reserve Banks) began offering the FedLine Advantagesm access channel. FedLine Advantage was initially introduced to provide access to the Fedwire[®] Funds Service, the Fedwire Securities Service and FedACHsm Services. Beginning in June 2005, Settlement Agents will also be able to use the FedLine Advantage channel to access the National Settlement Service.

In connection with the offering of this new access solution, changes have been made to Federal Reserve Bank Operating Circular 12 (Multilateral Settlement). The main substantive changes are summarized below.

- Section 5.5 has been revised so that the “immediate notice” option for providing notification of a rejected debit balance is described first and treated as the primary option. It also provides that if an arrangement has elected this option, notification that a debit balance has rejected will be sent to the Settlement Agent, whereas, if the alternative “delayed notice” option is selected, initial notification will be to the settler.
- Section 6.5 has been revised to allow the Reserve Banks to provide notice of delay to the Settlement Agent by posting the notice to a website.
- Appendix B, which sets out the security procedures for accessing the National Settlement Service, has been revised to include references to the specific security documentation that is associated with the FedLine Advantage access channel and incorporated into the National Settlement Service security procedures. Appendix B has also been revised to remove the FedLine[®] Web access method as an online option.
- A new Appendix C, FedPayments Managersm for the National Settlement Service, has been added. The FedPayments Manager for the National Settlement Service is a web-based tool that assists Settlement Agents in preparing, verifying, correcting and

submitting Settlement Files to the National Settlement System for processing. The FedPayments Manager tool also provides information about processing status and has inquiry and reporting capabilities. The FedPayments Manager tool is currently only accessible via the FedLine Advantage access solution.

All of these amendments are effective on June 1, 2005, and your continued use of the service on or after the effective date will constitute agreement to the new terms. Prior to a Settlement Arrangement using FedLine Advantage to access the National Settlement Service, the Settlement Agent will need to execute and submit the new security procedure agreement referenced above.

Please refer to the official versions of the Operating Circular at the Federal Reserve Financial Services website. From this website, you may read, download, and print the Operating Circular.

[Federal Reserve Financial Services, Operating Circulars](#)  OFFSITE

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