



**National Association  
of Federal Credit Unions**  
3138 10th Street North  
Arlington, VA 22201-2149

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

February 10, 2014

Robert deV. Frierson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Ave NW  
Washington, DC 20551

RE: Comments on Federal Reserve Policy on Payment System Risk and  
Procedures for Measuring Daylight Overdrafts – Docket No. OP-1472

Dear Mr. Frierson:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I am writing to you regarding the Board of Governors of the Federal Reserve's (The Board) recent Policy Statement and request for comment regarding changes to the Federal Reserve Policy on Payment System Risk (PSR Policy).

In summary, these proposed amendments would include multiple changes to Part II of the PSR Policy related to the procedures for measuring balances intraday in institutions' accounts at the Federal Reserve Banks. The proposed changes relate to The Board's procedures for posting debit and credit entries to institutions' Federal Reserve accounts for automated clearing house (ACH) debit and commercial check transactions. The Board is also proposing a set of principles for establishing future posting rules for the Federal Reserve Banks' same-day ACH service.

NAFCU generally supports The Board's efforts to update posting rules that were last updated in 2002, well before check processing became almost 100 percent electronic. NAFCU believes that credit unions can benefit from better alignment of settlements for checks with actual deposit and presentment times.

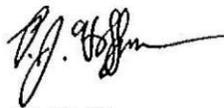
If the proposed changes were to take effect, there would be a reduced average of account balances between 8:30 and 10:59am for FedACH participants. Of those institutions that would see reduced balances during that time, ninety-seven percent of those institutions are credit unions and community banks with assets of less than \$10 billion. The same holds true for the proposed commercial check posting rules as well. NAFCU is concerned that these proposed changes disproportionately effect credit unions and other small banking organizations between \$500 million and \$10 billion and could ultimately lead to daylight overdrafts being incurred by some credit unions with an overall increase in fees for a number of credit unions. If the changes are implemented as proposed, some credit unions

will need to hold higher balances with the Federal Reserve overnight, arrange early morning funding, or incur daylight overdrafts to fund the earlier posting of check transactions.

NAFCU believes that the proposed six month implementation period is too short. NAFCU requests that The Board provide a longer implementation period of one year after the rule is finalized to ensure that small institutions such as credit unions can make appropriate changes to their policies to reduce the chances of incurring daylight overdraft fees.

Thank you for the opportunity to comment. Should you have any questions or would like to discuss these issues further, please feel free to contact me at [PJHoffman@nafcuh.org](mailto:PJHoffman@nafcuh.org) or (703) 842-2212.

Sincerely,

A handwritten signature in black ink, appearing to read "P.J. Hoffman", with a long horizontal flourish extending to the right.

PJ Hoffman  
Regulatory Affairs Counsel