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Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Consultation Paper on Intraday Liquidity Management and Payments Systems Risk Policy
Docket OP-1257

Dear Ms. Johnson:

CLS Bank International ("CLS Bank") appreciates the opportunity to provide comments to the Board of Governors of the Federal Reserve System on the above consultative paper. CLS Bank understands the concerns that are raised in the paper regarding the demands for intraday liquidity and management of liquidity costs and the growing trend of sending large payments later in the day. As an entity focused on the reduction of systemic risk, we support the objectives that balance safety with those of efficiency.

Given the operating nature of CLS Bank's service, we are not in a position to respond specifically to all the questions raised in this paper. We thought, though, that a couple of observations might be helpful. CLS Settlement Members are adept at meeting their timed US\$ pay-in requirements each day. However, some Settlement Members of CLS Bank have commented that this has been at the cost of an increase in intraday liquidity charges. Actions that mitigate any cost of these early timed pay-ins would be welcomed.

CLS Bank has been discussing with the industry whether there is a business case to provide later settlement sessions, particularly to pick up same-day trading between Europe and North America and within North America. One of the inhibitors to providing a service later than what we currently provide is that Settlement Members would incur additional liquidity costs for their timed US\$ pay-ins as opposed to the cost of making payments towards the end of the US day. Actions that reduce the incentives for making payments at the end of the US business day would remove one inhibitor to CLS extending its own business day.

We hope these comments are helpful and are available to address any questions or comments you may have.

Sincerely,

Robert Close
President and Chief Executive Officer

cc: Anne T. Noonan, Executive Vice President, Risk Management & Regulatory Affairs