National Association
of Federal Credit Unions
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February 10, 2014

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

RE: Comments on notice of proposed rulemaking regarding changes to Regulation J – Docket No. R-1473

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 notice of proposed rulemaking regarding changes to subpart A of Regulation J and funds transfers through Fedwire.

In summary, these proposed amendments would change the settlement time for paying banks that receive presentment of checks from the Federal Reserve Banks to make the proceeds of settlement for those checks available to the Federal Reserve Banks as soon as one half-hour after receipt of the checks. The proposed amendments would also permit the Federal Reserve Banks to obtain settlement from paying banks by as early as 8:30am Eastern time for checks that the Federal Reserve Banks present.

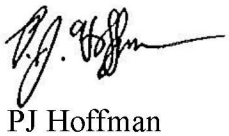
NAFCU generally supports The Board's efforts to update posting rules that were last updated in 2002, well before check processing became almost 100 percent electronic. NAFCU believes that credit unions can benefit from better alignment of settlements for checks with actual deposit and presentment times.

NAFCU is concerned that these proposed changes could ultimately lead to daylight overdrafts being incurred by some credit unions and an increase in fees for a small 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 implantation 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 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@nafcu.org or (703) 842-2212.

Sincerely,



PJ Hoffman
Regulatory Affairs Counsel