

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

RE: Docket No. OP-1515 - Enhancements to Federal Reserve Bank Same-Day ACH Service, Request for Comments

Board Members:

JP Morgan Chase Bank, N.A. (“JPMorgan”) is pleased to respond to the Federal Reserve’s Request for Comment on the Same Day ACH processing proposal. We strongly support the Board’s proposal to incorporate the NACHA same-day operating rules into Operating Circular 4, including implementing mandatory participation by RDFIs and an interbank fee. We applaud the efforts NACHA has taken to engage the industry in a thoughtful and productive dialogue as it relates to the development and approval by NACHA membership of the Same-Day rule proposal. We believe the background work and industry due diligence NACHA completed along with the engagement of the network operators in the rule making process has positioned NACHA for a successful launch. Our responses to your Request for Comment are detailed for your reference below.

## I. **Balanced Approach Between ODFIs and RDFIs**

**Ubiquity:** Regarding ubiquity, we are supportive of the proposal to make acceptance of same-day ACH transactions mandatory for RDFIs while still allowing ODFIs to make a business decision on whether or not they will offer same-day origination services to their clients. Ubiquity is the only mechanism that will allow ODFIs, like ourselves, to market to our clients with the certainty of delivery. Anything short of ubiquity instills doubt on both the corporate client and consumer and doesn’t provide a consistent consumer experience.

**Interbank Compensation:** Developing a viable interbank compensation model is necessary to support the business case as RDFI’s seek approval for funding related to the technology investment required. The methodology leveraged appears well supported and was analyzed through a transparent and uniform project delivering a final cost that provides a modest return on investment. This independent assessment includes an equitable accounting of both implementation and ongoing operating costs incurred by ODFIs and RDFIs, and we believe that the analysis achieves the objective of balancing the interests of both constituencies, as well as considering the overall financial requirements of the ACH network. We consider the interbank compensation proposal as being integral to the economic model for Same Day ACH.

## II. **Additional Technical and Operational Topics**

**Clearing and Settlement Windows:** JPMorgan is fully supportive of the proposed clearing and settlement windows. We have reviewed these windows internally and concur with NACHA’s view that they will deliver the required intraday posting and client availability desired by originators and receivers. Our view is the proposed windows afford FI’s the needed processing options while

reflecting the demands of thousands of FI's across multiple time zones. We recognize the operators independently establish the file delivery and settlement windows and thank the FRB for their collaboration and guidance during the rules making process.

**Implementation Dates:** We are confident the 3 year phase-in approach provides ample time to develop the capability for credits, analyze lessons learned, and then deliver debits 12 months later.

**Funds Availability:** Providing intraday funds availability is critical to adoption and broadening the ACH network. The proposed 5pm deadline affords our receiving consumers availability for evening activities and positions the firm to provide consumer alerts in the early evening as they begin evening activities including dining, shopping, or home banking. Our originators will also have the comfort they can communicate to their payees that funds will be available on a same-day basis. Leveraging the later window will allow originators to complete transactions for the western time zones and provides a consistent message for national ACH users.

**Eligibility:** Including all ACH payment types for both debits and credits, we feel, provides the best user experience and provides the foundation for innovation at the FI. We concur with NACHA's position on excluding IAT payments given the additional overhead required on these transactions. Limiting transactions to those under \$25,000 is sound risk policy. Following a successful launch, we recommend a review of the limit to determine if an increase is warranted.

**Identification:** Simplification is the key to broad adoption by all segments across our markets (small business, middle market, & large corporate). As such, following a lengthy analysis and discussion, we agree using the effective date to identify same-day transactions is viable and the least imposing on the client. While we recognize the effort required by ODFIs in terms of working with their originators, we believe those efforts outweigh the complexity of asking originators to enhance their batch formatting, which could have unintended consequences and extend the adoption timeline. Additionally, we foresee many clients will leverage same-day due to late processing or system issues that cause them to miss the ODFI cut-off. In those cases, the files may be processed without additional reformatting if the effective date is the trigger for same day identification. Using any other component requires the corporate client to dedicate valuable time against a critical deadline reformatting a file – or requesting the ODFI to manipulate the file for them. For these reasons, we strongly support the straightforward approach using the effective date in the batch control record.

**Returns:** We agree that returns should be eligible for the new same day processing windows. However, safeguards should be in place to ensure a same day return is not settled prior to the initial forward transaction.

JPMorgan supports the efforts of the Federal Reserve to enhance the ACH network and welcomes the opportunity to discuss any of our responses.

Regards,

Joe Hussey  
Executive Director  
JP Morgan Chase