



PO Box 1989  
Kingsport, TN 37662  
Phone: 423.229.8200  
or 800.992.2328

June 24, 2015

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

Re: Docket No. OP-1515

Dear Mr. Frierson:

Eastman Credit Union (ECU) is a federally insured Tennessee state chartered credit union. ECU is the largest credit union in Tennessee and serves over 155,000 members with branches in Tennessee, Texas, and Virginia. ECU is commenting on the Federal Reserve Board's (the "Board's") proposed enhancements to the Federal Reserve Banks' same-day automated clearing house (ACH) service. These proposed enhancements are in response to NACHA's recent amendments to its Operating Rules.

#### **I. Mandatory Participation of RDFIs**

The Board is proposing to require mandatory participation of receiving depository financial institutions (RDFIs) in the Board's FedACH SameDay Service. Since the inception of the FedACH SameDay Service in 2010, RDFI participation has been optional. According to the Board, fewer than 100 depository institutions use the service. ECU believes lack of participation is ultimately due to an industry-wide belief that the benefit of such service is outweighed by the increased operational and financial costs required to process same-day transactions.

ECU urges the Board to refrain from making participation mandatory. ECU understands there is some benefit of incorporating NACHA's new same-day rule into the FedACH SameDay Service. For many reasons, a few of which are discussed below, ECU believes the benefit of a mandatory participation rule is outweighed by the cost of compliance. Furthermore, ECU believes that needs of consumers and the industry are sufficiently met with the next-day settlement rules currently in place.

#### **II. Operational Challenges and Implementation Costs**

ECU anticipates the proposed change will result in a significant increase in volume of transactions received each day. In turn, ECU will need to increase staff levels to various departments in order to manage the numerous incoming and outgoing ACH files, resolve accounting issues, process changes and update internal systems.



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As a service to our members, ECU attempts to process all credit exceptions within the ACH files instead of automatically returning as other financial institutions might. This requires an evaluation of each transaction to determine whether it is reasonable to process the transaction. ECU anticipates it will no longer be able to provide this service due to the expected growth of ACH files.

Another service ECU currently provides to its members is posting credits in advance of the settlement date allowing members access to funds early. ECU is concerned that it may lose this ability depending on the outcome of the proposed changes to FedACH SameDay Service.

To assist with managing this increased volume, ECU suggests that the Board consider altering the clearing windows. As proposed, the Board intends to incorporate NACHA's schedule: A morning submission deadline at 10:30 AM ET, with settlement occurring at 1:00 PM; and an afternoon submission deadline at 3:00 PM ET, with settlement occurring at 5:00 PM. ECU is greatly concerned that it will not have sufficient time to process and settle all same-day ACH transactions submitted at 3:00 PM by the settlement deadline of 5:00 PM. ECU requests that the Board consider adopting one morning submission deadline and one afternoon settlement deadline if the Board cannot be persuaded to maintain the optional participation in FedACH SameDay Service.

### III. Conclusion

Again, ECU urges the Board to refrain from making participation in FedACH SameDay Service mandatory. In the event the Board takes this action as proposed, ECU requests that the Board give consideration to the concerns raised in this letter. Additionally, ECU requests that the Board provide clarification to the industry about how it intends to implement NACHA's operating rule.

Sincerely,

A handwritten signature in cursive script that reads "Cherie Monson".

Cherie Monson  
General Counsel/Vice President of Legal Services  
Eastman Credit Union