



July 23, 2019

Governor Jerome Powell
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

RE: Real Time Gross Settlement System (RTGS)

Dear Chairman Powell:

The Federal Reserve System has been integral to the United States payment systems since its inception in 1913. I believe it is important for the System to maintain its presence and provide the critical infrastructure necessary to support a robust Real Time Gross Settlement System.

Private and Federal Reserve Payments Systems have always co-existed: For decades the Federal Reserve payments systems have co-existed with private sector systems. RTGS is not different.

A Federal Reserve RTGS System promotes confidence: A Federal Reserve RTGS promotes national and international confidence in the payments system.

A Federal Reserve RTGS System that is interoperable with a private system promotes redundancy overall stable systems: A Federal Reserve RTGS interoperable with a private RTGS promotes a robust redundancy of systems to assure unexpected volumes can be accommodated and can cover system interruptions of one or other of the services.

A Federal Reserve RTGS System maintains Federal Reserve System connectivity to the United States banking system: The Federal Reserve maintains relationships directly or indirectly with all the banks in the United States. No private RTGS alone can reach this level of service.

A Federal Reserve RTGS System promotes international connectivity: A Federal Reserve RTGS can provide additional channels for international transactions.

A Federal Reserve RTGS System provides a check against potential private monopoly for pricing and access: A Federal Reserve RTGS can promote redundant capacities of a dual system with a private operator. The Federal Reserve RTGS must keep price neutrally to avoid competitive harm to a private



200 EAST MAIN STREET • P.O. BOX 888 • LINN, MISSOURI 65051

573-897-2204 • FAX 573-897-4202 • www.legendssbk.com



Linn ♦ Belle ♦ East Linn ♦ Jefferson City ♦ Loose Creek ♦ Owensville ♦ Rolla ♦ Taos ♦ Union ♦ Westphalia

RTGS while also being a check on a potential private monopoly were US banks are left reliant on a single private provider.

A competitive Federal Reserve RTGS System promotes competition on innovation and service:

Because of the volumes required for ubiquitous systems and to attain low costs – a private only option could ultimately lead to one provider with no competitive motivation to innovate and maintain service.

A robust and redundant payments system, with federal and private operators, is critical to our national economy and our national security. The Federal Reserve System's participation will promote the interests of the United States and our dual banking system.

Sincerely,



John Klebba
Chairman and CEO

CC: Senators Blunt & Hawley