



July 9, 2019

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

VIA ELECTRONIC MAIL: regs.comments@federalreserve.gov

Re: Docket No. OP-1664Potential Modifications to the Federal Reserve Bank's National Net Settlement Services and Fedwire Funds Service to Support Enhancements to Same-Day ACH Services and Corresponding Changes to the Federal Reserve Policy on Payment Systems Risk, Request for Comments

Dear Ms. Misback,

Pacific Coast Bankers' Bank ("PCBB") is grateful for the opportunity to comment on the above referenced item. PCBB is a bankers' bank that offers payment and other correspondent banking services to hundreds of community based financial institutions throughout the country. PCBB supports the proposed changes. Please find our comments on the proposal and responses to the questions posed in the request for comment below.

Question 1 *How might institutions and their customers use a later same-day ACH window?*

Having a later window will help make same-day ACH more meaningful for banks located outside of the Eastern Time zone? With the current deadline of 11:45am Pacific Time, this faster payment option is not a very attractive in this region, and is even less attractive in time zones further west such as in Alaska and Hawaii.

Question 2 *Would institutions and their customer use expanded hours of NSS and the Fedwire Funds Services for purposes unrelated to the later same-day ACH Window? If so, how?*

PCBB believes that making this change for the purpose of facilitating later same-day ACH deadlines will also be beneficial in that wires would also be able to be sent later. We don't necessarily think there will be a higher number of remittances or higher value being sent throughout the day, but it would be more convenient for financial institutions and their customers located outside the Eastern Time zone, where the wire system closes prior to the end of the regular business day.

Question 3 *What increased risks and costs might your institution and customers incur as a result of reduced time between the closing of NSS, the Fedwire Funds third-party cutoff, and the closing of the Fedwire Funds Services as outlined in Tables 1 and 2?*

PCBB does not believe there will be additional costs or increased risks to PCBB or our customers due to the reduction of times between the closing of the systems. We do believe there will be a

minimal increase in labor costs due to needing to be adequately staffed while these systems remain open longer, but we think the additional expense is overshadowed by the benefit of the systems staying open later.

Question 4 *What changes to internal processes or technologies (if any) would your institution need to make to adjust to any of the reduced windows outlined in tables 1 and 2? Approximately how long would it take for your institution to implement any necessary changes?*

We would not need to change our internal processes or technologies as a result of the reduced windows.

Question 5 *If your institution typically makes payments during the first hour of the Fedline Funds Services business day, what would be the consequences of delaying the reopening of the Fedwire Funds Services? Are the consequences more significant for certain types of payments? Are there steps your institution, the Reserve Banks, or others could take to reduce those consequences?*

We do not make payments during the first hour of the Fedline Funds Services business day.

Question 6 *How might the proposed compressed end-of-day timeline increase the frequency with which institutions request that the Reserve Banks extend the operating hours of the Fedwire Funds Service?*

Having less time to finalize the end of day positions could result in more extensions. We anticipate this wouldn't materially impact our operations.

Question 7 *Should the Reserve Banks update their criteria for extending the closing time of the Fedwire Funds Service to include a higher value threshold? If so, would a \$5 billion threshold be appropriate? Would your institution need to make any operational changes to adjust to a \$5 billion threshold?*

This wouldn't materially impact our operations, and as such, don't have an opinion on this topic.

Question 8

Should the Reserve Banks update their criteria for extending the closing time of the Fedwire Funds Service to reduce the targeted two-hour window between the closing and reopening of the Fedwire Funds Service? Why or why not? Would a window of 90 minutes (or some other period) between the closing and reopening of the Fedwire Funds Service provide sufficient time to perform end-of-day processes at your institution? What operational or technical changes would your institution need to make (if any) to adjust to a reduced window?

This wouldn't materially impact our operations, and as such, don't have an opinion on this topic.

Question 9 *Given the risks of more-frequent delays to the reopening of the Fedwire Funds Services, should the Federal Reserve simultaneously raise the value threshold for extensions to \$5 billion and reduce the window between the closing and reopening of the Fedwire Funds services? Why or why not?*

This wouldn't materially impact our operations, and as such, don't have an opinion on this topic.

Question 10 If your institution would need to implement changes to adjust to a \$5 billion threshold or a reduced window between the closing and reopening of the Fedwire Funds Service, when would your institution be ready to implement those changes? If your institution is not ready to implement any required changes by March 2021, which is NACHA's current effective date for implementing the later same-day ACH window, should the Federal Reserve delay implementation of the proposed changes to NSS and the Fedwire Funds Services? Why or why not?

This wouldn't materially impact our operations, and as such, don't have an opinion on this topic.

Question 11 Are there any other potential benefits, consequences, risks or costs that the Federal Reserve should consider when evaluating the adoption of the proposed changes to NSS and the Fedwire Funds Services, including potential risks to financial stability? If so, please provide a description?

From our perspective, we don't see any other items that need to be considered and addressed.

Thank you very much for your consideration of our views. Should you have any questions or concerns, please do not hesitate to contact me by e-mail at sbrown@pcbb.com.

Regards,

Steve Brown
President and CEO