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July 15, 2019

Ann Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551  
[regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Re: Docket No. OP-1664

Dear Ms. Misback:

The Credit Union National Association (CUNA) appreciates the opportunity to submit comments to the Board of Governors of the Federal Reserve System (the "Fed") in response to the request for comment regarding potential modifications to the Federal Reserve Banks' National Settlement Service and Fedwire funds service to support enhancements to the same-day ACH service. CUNA represents America's credit unions and their 115 million members.

CUNA is supportive of the proposed modifications to the National Settlement Service (NSS) and Fedwire operating hours in order to enable the addition of a third daily Automated Clearing House (ACH) processing window. The changes proposed are necessary for the implementation of a third ACH settlement window. Adding a third ACH window will improve the efficiency and speed of the US payment system. Unfortunately, due to the complex and interdependent nature of multiple systems needed to process and clear ACH transactions these changes cannot be made in a vacuum, which is why the proposed adjustments to infrastructure will be necessary to facilitate such necessary improvements.

The introduction of same-day ACH processing has proven to be a valuable incremental enhancement to the payment system. At present, the later of the two daily windows requires submission of same-day transactions by 2:45pm ET for all financial institutions regardless of location. This limits the value to financial institutions operating in time zones to the west, for whom this cutoff time can occur before the halfway point of the business day. This limits the usefulness of same-day ACH for a wide swath of the population.

Clearly, the addition of a third window with a 4:45pm ET submission deadline will be particularly valuable for west coast credit unions and will allow east coast institutions to offer expanded same-day benefits to customers as well. Ideally, the third window would be set even later, to provide full day benefit to western institutions. However, we appreciate the associated tradeoff with the need for

multi-national east coast financial institutions to close their books and prepare for the open of the next banking day in Asian markets. We believe the proposed timing strikes an appropriate balance between these interests.

We also recognize that- at least in theory- the proposed NSS and Fedwire timing changes may introduce a modicum of risk to the system. To our knowledge, however, prior adjustments to operating hours have not resulted in material issues and we are unaware of reasons to expect this case to be any different. On the other hand, the addition of a later window will reduce several types of ACH risk, including credit risk, settlement risk and return risk. Moreover, ongoing holistic improvements to the US payments system will necessitate more efficient end-of-day processes. Therefore, any such process changes should not be viewed as a burden imposed by same-day requirements, but rather an investment in a broader upgrade.

If you have questions or would like to discuss our comments further, please do not hesitate to contact me at (202) 508-6705.

Sincerely,

A handwritten signature in black ink that reads "Lance Noggle". The signature is written in a cursive, flowing style.

Lance Noggle  
Senior Director of Advocacy and Counsel Senior Counsel for Payments and Cybersecurity