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Proposal and Comment Information

Title: Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through the Fedwire Funds Service and the FedNow Service, R-1891

Comment ID: FR-2026-0011-01-C13

Submitter Information

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Organization Type: Company

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Please find attached CMSW's comment letter regarding the proposed amendments to Regulation J, Subpart C, under Docket No. R-1891. In the attached document, we provide our support for the proposed rule, together with operational observations and recommendations based on our experience connecting real-time payment infrastructures across the United States, Brazil, and Colombia. We respectfully submit it for your review and inclusion in the public record.

Proposed Rule: Funds Transfers Through the FedNow Service

Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through the Fedwire Funds Service and the FedNow Service

Submitted to: Board of Governors of the Federal Reserve System

Docket No.: R-1891 | RIN 7100-AH23

Regulation: 12 CFR Part 210 — Regulation J, Subpart C

Date: April 9, 2026

Submitted by: CMSW — The Instant Payment Company

On behalf of: CMSW Inc., a certified FedNow Service participant
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I. Introduction and Organizational Background

CMSW — The Instant Payment Company — respectfully submits these comments in response to the Board of Governors of the Federal Reserve System's proposed amendments to Subpart C of Regulation J, published April 8, 2026, under Docket No. R-1891 (RIN 7100-AH23). CMSW is a certified FedNow Service participant and a multi-rail instant payment infrastructure operator with active deployments across the United States, Brazil, and Colombia.

CMSW provides payment infrastructure to clearing houses, central banks, and financial institutions through its Corner and Rocket product families. Our platforms connect financial institutions to the FedNow Service (United States), Pix (Brazil), and Bre-B (Colombia, certified by Banco de la República). With more than 500 implementations across three continents, CMSW operates at the participant layer of national instant payment ecosystems, precisely the segment most directly affected by the proposed amendments.

■ *CMSW strongly supports the proposed amendments and views them as a foundational step toward enabling real-time, transparent, and cost-efficient cross-border payment corridors between the United States and Latin America.*

Our comments address each of the three regulatory amendments proposed by the Board, offer operational perspectives grounded in our live multi-rail experience, and include recommendations that we believe would strengthen the practical effectiveness of the proposed rule.

II. General Support for the Proposed Rule

The existing restriction that limits FedNow transfers to two U.S. banks without intermediary flexibility has been a material structural barrier to cross-border instant payments. Since the FedNow Service launch in July 2023, CMSW has identified numerous clients use cases, in correspondent banking, trade finance settlement, and remittance corridors, where the absence of intermediary designation has prevented FedNow from being the instrument of choice for the U.S. domestic leg of an international transaction.

The Fedwire Funds Service has permitted intermediary banks for decades without generating systemic risk or competitive distortion. The Board's proposal to align FedNow with that established model is logical, proportionate, and long overdue. It does not create new risk categories. It removes an artificial constraint that has slowed private-sector innovation without corresponding regulatory benefit.

CMSW also notes the Board's acknowledgment that this change would make available a second real-time gross settlement payment rail for private-sector cross-border providers. This is significant. The existence of two rails — Fedwire and FedNow — creates competitive redundancy and encourages solution diversity, both of which benefit end users, financial institutions, and the broader payment ecosystem.

III. Comments on Section 210.42(a) — Reliance on Numbers Identifying Intermediary Banks

The proposed amendment to Section 210.42(a) would permit a Reserve Bank, acting as receiving bank, to rely on the routing number of an intermediary bank specified in a payment order, even where that routing number identifies a different institution than the name provided in the order.

CMSW supports this amendment without reservation.

In multi-hop payment flows, routing number is the operational identifier. CMSW's experience connecting FedNow to the Bre-B real-time rail in Colombia, and to Pix in Brazil, confirms that discrepancies between institution names and routing identifiers are a structural reality of correspondent banking, not an anomaly. The name field in a payment order is often populated by legacy systems with stale or abbreviated entity names, while the routing number reflects current operational truth. A rule that privileges name over number creates operational fragility in precisely the complex, multi-party transactions this proposal is designed to enable.

The alignment with Article 4A of the Uniform Commercial Code is appropriate and brings regulatory consistency across federal and state-level frameworks governing funds transfers.

Recommendation:

CMSW recommends the Board consider issuing supplementary guidance clarifying the scope of a Reserve Bank's 'duty to detect' inconsistencies. As cross-border chains grow longer, the threshold for what constitutes

constructive knowledge of an inconsistency should be operationally defined. Ambiguity at this level creates compliance risk for participants operating at speed.

IV. Comments on Section 210.45(b) — Permitting Designation of Non-Reserve Bank Intermediary Banks

This is the structural core of the proposed rule. The amendment to Section 210.45(b) would permit a sender to designate a non-Reserve Bank as an intermediary bank in a FedNow payment order, provided the sender specifies that intermediary in the payment order itself.

CMSW strongly supports this amendment. It is transformative for cross-border corridor development.

From CMSW's operational vantage point as an infrastructure layer connecting national instant payment rails, the inability to designate a correspondent or infrastructure intermediary in FedNow transactions has been the single largest structural obstacle to building competitive US-to-LatAm corridors on real-time rails. The proposed change directly removes this obstacle.

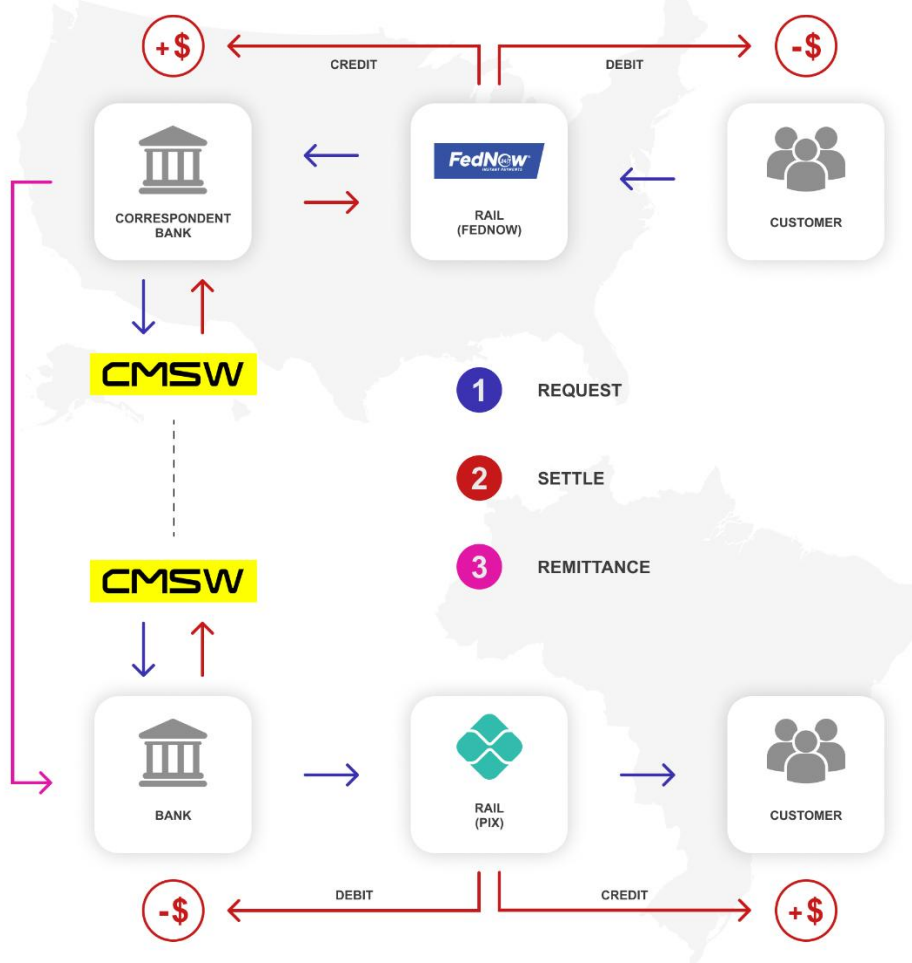


Figure 1 (Cross-Border Payment Flow): Operational routing of a FedNow-based cross-border transaction between the merchant bank, correspondent bank, CMSW infrastructure, and the end customer.

The practical architecture this amendment enables is as follows:

1. A U.S. originating bank initiates a cross-border payment via FedNow, designating a certified intermediary (such as a correspondent bank or infrastructure operator) in the payment order.
2. The intermediary receives the domestic leg settlement through FedNow with real-time finality.
3. The intermediary then routes the international leg to the destination instant payment rail, such as Bre-B in Colombia or Pix in Brazil, using its existing bilateral connectivity.
4. End-to-end settlement completes in near real-time, dramatically improving on the multi-day correspondent banking model currently dominant in cross-border flows.

■ CMSW currently operates this exact architecture between Brazil and Colombia, and is actively building the same corridor connecting the United States to Colombia via FedNow and Bre-B. This regulatory change is the missing piece that enables that U.S. domestic leg.

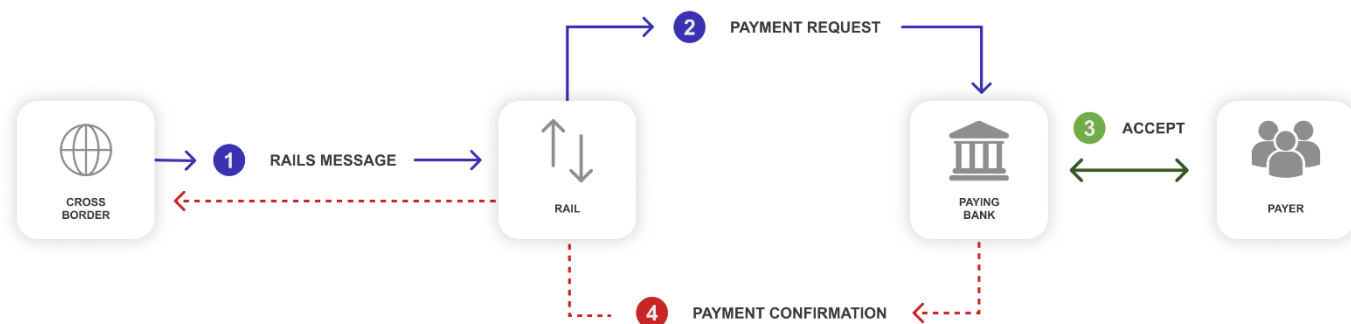


Figure 2 (Payment Rails Conversion): Technical translation of standardized billing messages into specific **Payment Rail** protocols for real-time international execution.

Recommendations:

CMSW offers the following recommendations to strengthen the implementation of this amendment:

- Eligibility criteria for non-Reserve Bank intermediaries.** The Board should publish minimum eligibility standards for entities that may serve as designated intermediaries under the amended rule. CMSW recommends that eligible intermediaries be required to: (i) hold a Federal Reserve master account or maintain a direct or sponsored connection to the FedNow Service; (ii) demonstrate compliance with applicable AML and OFAC sanctions screening requirements for both the domestic and international legs of the transaction; and (iii) maintain documented operational resilience standards consistent with those required of FedNow direct participants.
- Transparency of the intermediary chain.** CMSW recommends the Board require that all designated intermediaries be identifiable in the transaction record. End-to-end payment traceability is a foundational requirement for fraud prevention, sanctions compliance, and dispute resolution. The LEI (Legal Entity Identifier) standard provides an internationally recognized framework for this purpose and should be considered as the mandatory identifier for non-Reserve Bank intermediaries.

c) **Settlement finality on the FedNow leg.** The Board should confirm explicitly that FedNow's real-time gross settlement finality applies to the domestic leg of a cross-border transaction regardless of whether the international leg has been completed. This is consistent with how Fedwire operates and is essential for market participants to build reliable treasury and liquidity management processes around cross-border corridors.

d) **Technical standards for foreign rail connectivity.** CMSW recommends the Fed consider publishing a voluntary technical framework describing how FedNow-connected intermediaries should interface with foreign instant payment rails. Standardization at this layer would reduce fragmentation, lower entry barriers for smaller intermediaries, and accelerate the development of the private-sector cross-border solutions the Board intends to enable.

V. Comments on Section 210.44(b)(3) — Application of Funds-Availability Requirements

The Board proposes to retain the existing immediate funds-availability requirement under Section 210.44(b)(1) without amendment, while adding a clarifying revision to Section 210.44(b)(3) to confirm its applicability only to FedNow Service participants acting as beneficiary banks.

CMSW supports the Board's approach and the proposed clarification.

The practical implications of this approach are important and merit explicit acknowledgment. In an outbound cross-border transfer where the FedNow payment order is accepted by an intermediary bank rather than the ultimate beneficiary bank, the immediate availability obligation does not extend to that intermediary. This is operationally correct: the intermediary has not yet delivered funds to the end beneficiary and should not be forced to extend immediate credit against an unsettled international leg.

Conversely, for inbound cross-border payments where a U.S. bank serves as the ultimate beneficiary bank and accepts the payment order over FedNow, the immediate availability obligation is preserved. This protects the consumer and business recipients in the United States who rely on the FedNow service promise of instant settlement.

Recommendations:

a) **Guidance on the international leg timing.** While the Board correctly limits Regulation J's scope to the U.S. domestic leg, CMSW recommends the Fed issue supplementary guidance or best-practice standards regarding the maximum permissible delay on the international leg once the FedNow domestic leg has been irrevocably settled. This guidance does not need to carry the force of regulation but would materially reduce uncertainty for participants building end-to-end SLA commitments to their clients.

b) **Consumer disclosure requirements.** For cross-border transactions involving retail consumers, CMSW recommends the Board coordinate with the Consumer Financial Protection Bureau to make sure disclosure requirements under the Remittance Transfer Rule (12 CFR Part 1005, Subpart B) are clearly

understood to apply to the end-to-end transaction, including where FedNow serves only the domestic leg. Ambiguity here could create compliance gaps that undermine consumer protection.

VI. Competitive Impact Analysis

The Board has concluded that the proposed amendments will not have a direct and material adverse effect on the ability of other service providers to compete with the Reserve Banks. CMSW agrees with this assessment and elaborates on why the competitive dynamics are actually favorable for private-sector participants.

Today, cross-border instant payment corridors are dominated by a small number of large global banks and specialized fintech intermediaries with the infrastructure to bridge national rails. The proposed amendments lower the barrier to entry for smaller, specialized operators, such as CMSW, to compete effectively in this space by providing a clear regulatory basis for their role as designated FedNow intermediaries.

The proposal does not grant the Reserve Banks any new competitive advantage. It simply extends to FedNow the same flexibility that Fedwire has offered for decades. The competitive playing field between FedNow and private real-time gross settlement alternatives is not altered by this rule.

■ *CMSW's view is that the greatest competitive benefit of this proposal accrues not to any single institution, but to the U.S. payment system as a whole — which will for the first time have a real-time gross settlement rail purpose-designed for the modern era that can also serve cross-border use cases.*

VII. Comments on Impact on Small Entities

The Board has conducted an initial regulatory flexibility analysis and concluded that the proposed rule will not have a significant economic impact on a substantial number of small entities. CMSW agrees with this conclusion and offers an additional perspective.

Community banks and credit unions, the majority of the approximately 7,040 small depository institutions the Board identifies, do not currently have the infrastructure or correspondent relationships to serve as FedNow intermediaries for cross-border transactions. For these institutions, the practical impact of the proposed amendments is neutral in the short term.

However, CMSW believes the medium-term impact on small institutions is positive. As specialized intermediaries like CMSW build FedNow-connected cross-border infrastructure, small and mid-sized banks will be able to offer cross-border instant payment services to their customers through those intermediaries, without bearing the cost of building direct international rail connectivity. The proposed rule enables this delegation model, which is precisely how FedNow adoption among smaller institutions has grown in the domestic context through sponsored participation.

VIII. Additional Recommendations and Forward-Looking Observations

Beyond the specific amendments proposed, CMSW offers the following broader recommendations that we believe would amplify the impact of the proposed rule:

- 1. Interoperability coordination with foreign central banks.** The FedNow Service's potential as a cross-border rail depends on the availability of connectivity to foreign instant payment infrastructures. CMSW recommends the Federal Reserve consider establishing a formal interoperability coordination mechanism with peer central banks — including Banco Central do Brasil (Pix) and Banco de la República (Bre-B) — to define common messaging standards, reconciliation protocols, and dispute resolution frameworks for FedNow-connected cross-border transactions.
- 2. Certification framework for cross-border intermediaries.** CMSW recommends the Fed consider a voluntary certification or recognition program for non-Reserve Bank intermediaries operating in cross-border FedNow corridors. Such a program would provide market participants with clarity on counterparty quality, reduce due diligence costs across the system, and create a reputational incentive structure that raises overall operational standards.
- 3. Data reporting to support policy oversight.** As cross-border FedNow volume grows, the Fed will benefit from visibility into the volume, corridors, intermediaries, and error rates associated with cross-border use. CMSW recommends the Board consider lightweight quarterly reporting requirements for designated intermediaries covering cross-border transaction volumes and destination corridors. This data would support evidence-based policy development without creating disproportionate compliance burden.
- 4. Phased timeline and market communication.** CMSW recommends the Board accompany the final rule with a clear implementation timeline and technical guidance for participants wishing to add intermediary designation functionality to their existing FedNow integrations. The sooner the private sector can begin building on this regulatory clarity, the faster the U.S. will see competitive cross-border instant payment solutions emerge.

IX. Conclusion

CMSW thanks the Board for the opportunity to comment on this important proposed rule. The amendments to Regulation J Subpart C represent a meaningful and well-calibrated expansion of the FedNow Service's utility. They remove a structural barrier that has limited the U.S. real-time gross settlement system's relevance in cross-border payment flows, while maintaining the settlement finality and funds-availability protections that define FedNow's value proposition.

As a certified FedNow participant and multi-rail infrastructure operator with live deployments in the United States, Brazil, and Colombia, CMSW is uniquely positioned to observe the impact of this regulatory gap and the opportunity its closure represents. We are prepared to serve as a technical resource to the Board during the comment period and to provide operational data from our cross-border implementations if that would assist the Board's analysis.

■ *CMSW urges the Board to finalize this rule expeditiously and to consider our recommendations on intermediary eligibility standards, settlement finality confirmation, consumer disclosure coordination, and interoperability frameworks with foreign central banks.*

We respectfully request that our comments be made part of the public record for Docket No. R-1891.

Respectfully submitted,
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Global Chief Executive Officer

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April 9, 2026

**CMSW — The Instant Payment
Company**

Certified FedNow Service Participant

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Comments submitted pursuant to the Federal Reserve Board's public comment invitation published April 8, 2026. This letter may be publicly disclosed. Submitted via: publiccomments@frb.gov | Reference: Docket No. R-1891, RIN 7100-AH23.