

ANONYMOUS

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-C15

Submitter Information

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Submitted Date: 04/24/2026

Re: April 8, 2026 Federal Reserve Proposal — Intermediary Participation in FedNow Service
Reference Submission — Continuation of March 19, 2026 Structural Clarification

Executive Summary

This submission provides a structured, lifecycle-based perspective on transaction-state representation in the context of intermediary-enabled payment models.

The framework emphasizes separation of authorization, participation eligibility, and continuity from execution, and is designed to operate alongside existing payment infrastructure without modifying payment rails, altering institutional roles, or introducing a new monetary instrument.

This submission supports the Federal Reserve’s proposed direction in enabling intermediary participation while preserving existing institutional roles and system structure.

I. Background and Continuity

This submission continues prior correspondence dated March 19, 2026, which introduced a lifecycle-based separation of transaction-related functions.

The April 8, 2026 proposal reflects a progression toward intermediary-enabled payment flows within existing infrastructure. This submission is provided in that context.

II. Purpose

The purpose of this submission is to provide a structured perspective on how transaction-state representation may function in environments that include intermediary participation.

This includes:

- authorization-state representation;
- participation eligibility-state representation;
- compliance continuity; and
- lifecycle traceability across systems.

III. Structural Perspective

The framework reflects separation of non-overlapping functional roles, including:

- authorization-state representation;
- participation eligibility-state representation;
- compliance continuity representation; and
- externally governed execution environments.

Each role generates structured representations and does not perform execution or policy determination.

IV. Execution and Authority Clarification

The described structure does not initiate, direct, control, or override execution. Execution, settlement, and transaction finality remain exclusively governed by existing institutional systems operating under their respective authority.

V. Observations on Intermediary Participation

The introduction of intermediary participation may increase complexity in maintaining consistent transaction-state representation across multi-hop payment flows.

Potential considerations include:

- preservation of coherent authorization-state and eligibility-state across intermediary pathways;
- maintenance of traceability and audit alignment across intermediary boundaries;
- continuity of transaction-state representation where execution occurs across distinct institutional environments; and
- avoidance of fragmentation in compliance interpretation across participating entities.

In intermediary-enabled transaction flows, the introduction of additional institutions between originator and beneficiary may increase the likelihood of divergence in transaction-state interpretation across participating entities.

Maintaining consistency in authorization-state, participation eligibility, and transaction-state continuity across intermediary chains supports alignment of processing outcomes without altering execution processes performed by participating institutions.

VI. Compatibility with Proposed Model

The framework is compatible with intermediary-enabled payment models in that it:

- does not modify payment rails;
- does not alter participant connectivity;
- does not replace institutional processes; and
- supports upstream representation of transaction-state information that may be utilized across intermediary pathways.

This compatibility is relevant in the context of the proposed amendments to Regulation J, including provisions related to funds transfer processing and intermediary participation (e.g., 12 CFR §210.45(b)), where consistent handling of transaction-state representation across intermediary boundaries supports operational clarity without altering institutional roles.

This may be particularly relevant in cross-border transaction flows where FedNow is used for the domestic settlement leg, and consistent transaction-state representation across intermediary segments supports operational clarity across jurisdictions.

VII. Submission Position

This material is provided:

for informational purposes only;
without request for action, modification, or response; and
as a continuation of prior correspondence.