

CORPORATE ONE FEDERAL CREDIT UNION, TARA GRIFFITH

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-C23

Submitter Information

Organization Name: Corporate One Federal Credit Union

Organization Type: Organization

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Corporate One Federal Credit Union supports the proposed amendments to Regulation J to permit the use of intermediaries for FedNow transfers. We believe this change will enhance the utility of FedNow while supporting cross-border use cases. Our detailed comments and recommendations regarding implementation, compliance, and operational considerations are included in the attached document.

Date: June 8, 2026

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

RE: Docket Number R-1891 and RIN 7100-AH23

This request for comment is submitted by Corporate One Federal Credit Union, a corporate credit union serving the liquidity, payment, and settlement needs of credit unions nationwide. Corporate One views this proposal as a constructive and necessary evolution of the FedNow Service that better aligns real-time payments infrastructure with the operational realities of the financial system.

Proposed Rule

Request for Comment: The Board is proposing amendments to subpart C of Regulation J (governing the FedNow® Service) to permit FedNow participants to use intermediaries, other than Reserve Banks, to send funds transfers through the FedNow Service. The Board believes this change could support private-sector cross-border payment solutions by allowing FedNow participants to leverage an intermediary (for example, a correspondent bank) for the international portion of a cross-border transaction and use the FedNow Service for the U.S. domestic portion.

We support the Board’s proposal to allow the use of intermediaries in FedNow transactions provided that appropriate safeguards and clarifications are incorporated to address operational, compliance, and access considerations.

The current limitation—restricting FedNow transfers to only two U.S. depository institutions—has constrained the service to a narrow set of use cases.

Allowing intermediaries, including correspondent institutions, would:

- Enable more flexible payment routing
- Align FedNow with long-standing practices under the Fedwire Funds Service
- Improve access for smaller financial institutions that rely on correspondent relationships
- Support use of foreign intermediaries for cross-border processing while leveraging FedNow for real-time U.S. settlement, improving speed, efficiency, and liquidity management

While the use of intermediaries introduces additional operational and compliance considerations—such as sanctions screening, routing accuracy, and transparency across payment chains- these risks are consistent with established correspondent banking practices and can be effectively managed through existing control frameworks.

For corporate credit unions and the natural person credit unions we serve, this flexibility is especially important. Many institutions access payment networks through intermediaries to achieve scale, reduce costs, and improve operational efficiency. Removing structural barriers that prevent FedNow transactions from integrating into these models is a positive step toward broader adoption.

§ 210.42(a) Permits a Reserve Bank to rely on the number in the payment order identifying the beneficiary's bank.

We support the Board's proposed revision to permit Reserve Banks to rely on the routing number of an intermediary bank specified in a payment order, consistent with UCC Article 4A and existing Fedwire Funds Service rules. Clarifying the ability to rely on routing numbers for intermediary banks is particularly beneficial in complex payment chains, including cross-border transactions, where accurate and efficient routing is critical.

§ 210.44(b)(1). [a] Beneficiary's bank (other than a Federal Reserve Bank) that accepts a payment order over the FedNow Service is obliged to pay the amount of the order to the beneficiary of the order immediately after its acceptance of the payment order, by crediting an account of the beneficiary in accordance with section 4A-405(a) of Article 4A.

We support the Board's proposed clarification that the immediate funds availability requirement applies only when the beneficiary bank accepts a payment order via the FedNow Service. This distinction appropriately reflects the operational realities of cross-border transactions involving intermediary banks. In such cases, imposing immediate availability requirements on institutions other than the beneficiary's bank could create ambiguity and operational challenges, particularly where the final beneficiary institution is outside U.S. jurisdiction. Maintaining this limitation provides clarity, aligns with existing cross-border payment structures, and supports efficient processing while preserving appropriate regulatory boundaries.

§ 210.44(b)(3). [a] FedNow Service participant, acting as a beneficiary bank, has reasonable cause to believe that the beneficiary is not entitled to or permitted to receive the payment, the beneficiary bank may notify its Reserve Bank that it requires additional time to determine whether to accept the payment order.

We support the Board’s proposed clarification that this applies only to FedNow Service participants. This revision appropriately delineates the responsibilities of beneficiary banks within the FedNow Service and recognizes the operational role of non-Reserve Bank intermediary institutions in cross-border transactions. Limiting this provision to FedNow participants provides needed clarity, reduces potential ambiguity in multi-institution payment chains, and ensures that decision-making authority regarding acceptance and delays remains with the institution directly subject to FedNow requirements.

§ 210.45(b)(3). [a] FedNow participant may not send a payment order to a Reserve Bank that requires the Reserve Bank to issue a payment order to an intermediary bank other than another Reserve Bank.

We support the Board’s proposal to permit FedNow payment orders to designate an intermediary bank other than a Reserve Bank. This change aligns the FedNow Service with established payment practices and UCC Article 4A principles, enabling greater flexibility in payment routing, particularly for cross-border transactions. Allowing non-Reserve Bank intermediaries supports broader interoperability, enhances efficiency in multi-bank payment chains, and facilitates the use of established correspondents.

Considerations and Recommendations for Final Rulemaking

To support effective implementation and broader adoption, we recommend the Board consider the following operational factors:

Equitable Access Across Institution Sizes

The final rule should address market barriers to participation to ensure that institutions of all sizes, including smaller credit unions, can effectively leverage intermediary models.

Optionality of Participation

Clarity is needed as to whether participation will be mandatory. We support an opt-out framework that allows institutions to manage risk and operational readiness.

Implementation and Compliance Timeline

A flexible and sufficient implementation period is critical, particularly if participation is required.

Transparency of Payment Data and Chain Visibility

The rule should clearly define expectations for end-to-end transparency, including all parties to the payment and intermediaries.

Intermediary Eligibility Standards

Eligibility criteria and participation requirements for intermediaries should be clearly defined, including operational and compliance expectations.

Allocation of Responsibilities and Liabilities

Clear delineation of responsibilities is needed so receiving institutions understand what compliance steps have been performed upstream.

Operational and Compliance Alignment

The Board should clarify expectations regarding immediate availability of funds, permissible delays, and alignment among Regulation J, FedNow rules, and OFAC obligations in a 24x7 environment.

Exception Handling and Payment Lifecycle Clarity

Clarification is needed regarding exception handling across intermediary chains, including how delays, rejections, or failures are handled when a payment settles successfully on the FedNow leg but encounters issues downstream. Clearly defined expectations for payment status, reconciliation, and communication across all parties will be critical to ensure consistency and operational effectiveness.

Liquidity and Funding Considerations

We encourage the Board to consider the liquidity and prefunding implications of multi-party, real-time payment chains, particularly across time zones and jurisdictions. Intermediary-based flows may introduce timing mismatches between settlement and downstream processing, potentially affecting liquidity management for participating institutions.

Participant and Consumer Disclosure Expectations

Clear disclosure expectations should be established so that participants, including end users where applicable, understand the distinction between the FedNow portion and any subsequent intermediary or cross-border processing. Transparency around timing, potential delays, and fees will be important for managing expectations and reducing confusion.

Corporate One Federal Credit Union supports the proposed amendments to Regulation J permitting the use of intermediaries for FedNow transfers and encourages the Board to finalize the rule with the considerations outlined above.

Thank you for the opportunity to comment on this proposal. We would welcome the opportunity to discuss these recommendations further and to serve as a resource as the Board of Governors of the Federal Reserve System evaluates next steps.

For questions regarding this submission, please contact Tara Griffith at:
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Sincerely,
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