

BANK OF NEW YORK MELLON CORPORATION, JENNIFER BARKER

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-C30

Submitter Information

Organization Name: Bank of New York Mellon Corporation

Organization Type: Company

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Please see attached comment response from BNY.



June 9, 2026

Via Electronic Submission

Benjamin W. McDonough
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1891 and RIN 7100-AH23, Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through the Fedwire Funds Service and the FedNow Service; Regulation J

Dear Mr. McDonough:

The Bank of New York Mellon Corporation (BNY) welcomes the opportunity to comment on the Federal Reserve's (FRB) proposed amendments to Regulation J to permit the use of intermediaries, other than Reserve Banks, to send funds transfers through the FedNow[®] Service (NPR or Proposal).¹ BNY supports the Proposal's direction and believes it can support private-sector cross-border payment solutions. BNY supports a final rule that is accompanied by clear guardrails and well-delineated responsibilities.

BNY is a global financial services company that helps clients manage, move, and safekeep their assets across the entire financial lifecycle. BNY serves over 90% of Fortune 100 companies and nearly all the top 100 banks globally to access the money they need.² As of March 31, 2026, BNY oversees \$59.4 trillion in assets under custody and/or administration and \$2.1 trillion in assets under management.³ For over 240 years, BNY has been a trusted partner of the United States government and leading businesses while providing investors with access to global markets and world-class financial tools. We are proud of the historic role that BNY has had in helping to grow the U.S. financial system into the leading power it is today.

BNY Leadership in Payments

Our response in support of the NPR is informed by our central role in the global financial system and as a leading payments provider globally. BNY provides custody and other services to an array of institutions, including banks, nonbanks and fintech financial institutions of all sizes, corporations, state and local governments, pension funds, and non-profits. BNY is also a leader in payments, processing an average daily U.S. dollar payments value of \$2.5 trillion,⁴ making BNY a top five global U.S. dollars payments clearing bank.⁵ BNY is an active driver of domestic and global industry transformation. BNY payments models across the breadth of payment rails have enabled us to better meet client needs and drive innovation in the evolving financial landscape. We

¹ [Notice of Proposed Rulemaking](#), Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through the Fedwire Funds Service and the FedNow Service; Regulation J, 91 FR 18330 (hereinafter, NPR).

² BNY, About BNY, <https://www.bny.com/corporate/global/en/about-us/about-bny.html>.

³ Press Release, BNY, BNY Reports First Quarter 2026 Financial Results (Apr. 16, 2026),

<https://www.bny.com/assets/corporate/documents/pdf/investor-relations/earnings/earnings-press-release-1q-2026.pdf>.

⁴ BNY, Global Payments & Trade, <https://www.bny.com/corporate/global/en/solutions/platforms/global-payments-trade.html>.

⁵ BNY, Annual Report 2025, <https://www.bny.com/assets/corporate/documents/pdf/investor-relations/annual-report-2025.pdf>.

were the first bank to initiate real-time payments in the U.S. in 2017, and we went live on FedNow the day it launched.⁶ In February 2025, BNY sent the largest instant payment in U.S. history.⁷ BNY's experience serving as a key intermediary in high-value payment activity gives us practical insight into how changes to payments infrastructure affect clients, market utilities, and the broader financial system. Our longstanding scale and market leadership supporting critical, time-sensitive institutional flows across domestic and cross-border markets gives us a direct perspective on the operational, liquidity, and resiliency considerations associated with payments system modernization.

Recommendations

- BNY supports the Proposal because it would support private-sector cross-border payment solutions and better align the FedNow Service with established intermediated payment models.
- To support implementation, any final rule should include clear guardrails on funds transfer responsibilities and risk allocation across intermediaries.

I. Support for Expanding FedNow Through Intermediaries

BNY supports the Proposal, which would better align FedNow with longstanding Fedwire Funds Service (Fedwire) practice and broader private-sector market direction, while making available an additional real-time settlement rail. We also appreciate the FRB's commitment to modernizing payment systems in the U.S. and enabling more widespread use of instant payments.

A. Cross-Border Payments

The Proposal would enable important cross-border use cases, which can benefit from existing correspondent banking arrangements. It would also help banks meet meaningful market demand by facilitating instant payments to U.S. beneficiaries and helping U.S. senders to expedite the domestic leg of a cross-border transaction. Remittance flows and global commerce related payment flows among other use cases would gain incremental benefits from this change. By updating Regulation J to permit intermediaries in FedNow, the FRB can help reduce incentives for workarounds and promote a more transparent, consistent, and regulated framework for delivering cross-border value to end users.

B. Instant Payment Demand

This change is also consistent with the direction of travel in U.S. private-sector instant payments and in many domestic instant payment networks globally that already allow the settlement of cross-border transactions via instant payment schemes. More broadly, this change would help payments systems evolve in a manner that reflects how institutions and end users increasingly expect to access immediate, bank-mediated payment services. This can expand practical access to instant payment functionality through established banking relationships and can support

⁶ BNY, BNY Mellon Joins the FedNow Service, Advancing U.S. Payment System (July 20, 2023), <https://www.bny.com/corporate/global/en/about-us/newsroom/press-release/bny-mellon-joins-the-fednow-service-advancing-us-payment-system.html>.

⁷ Press Release, BNY, BNY Sends Largest Instant Payment in U.S. History, \$10 Million, Following Transaction Limit Increase (Feb. 10, 2025), <https://www.bny.com/corporate/global/en/aboutus/newsroom/press-release/bny-sends-largest-instant-payment-in-us-history.html>.

broader adoption of safe and efficient instant payments, by enabling market participants to use operational models that are already familiar, scalable, and responsive to customer demand.

II. Need for Clear Guardrails and Operational Clarity

Any expansion of intermediary use should be accompanied by clear regulatory safeguards as FedNow is a real-time, continuously available, and irrevocable settlement service. While the NPR states that the proposed change would mirror the regulatory regime governing Fedwire, we would welcome additional clarity that supports safe scaling and avoids ambiguity in multi-bank transaction chains.

A. Clarity on Roles, Responsibilities, and Timing Across Multi-Bank Flows

While the Proposal is designed to facilitate cross-border use cases, the legal and operational responsibilities across sending banks, intermediaries, and receiving banks should be clear—especially in scenarios where the domestic leg settles over FedNow but another leg is executed through a different set of institutions. For instance, we anticipate that FedNow participants will need to conduct real-time sanctions screening of payment messages involving cross-border activity to meet their compliance obligations under applicable sanctions regimes.⁸ The FRB should consider whether targeted adjustments to the FedNow framework would better accommodate the compliance review that cross-border transactions may require, including adoption of a specific message indicator or code as well as modifications to the applicable response timeframe and payment timeout parameters. With sufficient implementation time, banks could perform a real-time screening of payment messages, clear most transactions promptly, and identify the limited subset of messages that warrant additional review for potential sanctions concerns.⁹ BNY encourages the FRB to articulate how acceptance, execution, and any applicable timing expectations apply across the parties in such structures. We also anticipate additional questions as to how AML/KYC requirements, sanctions compliance, liability, fraud controls, and operational responsibilities would be allocated among the sending bank, intermediary institution, and receiving banks, which may require FRB consultation with other federal banking regulators.

These clarifications are important to preserve clear accountability, support effective supervision, and mitigate operational, liquidity, compliance, and fraud risks in an immediate-settlement environment. Governing frameworks must incorporate financial institutions' obligations under U.S. sanctions, AML/BSA, and compliance laws/guidance. This framework should uphold strong AML/KYC standards so that expanded intermediation and cross-border activity do not undermine compliance, transparency, or trust in the payment system.

B. Clear Scope and Boundaries for Domestic Use Cases

Regulations governing Fedwire allow the use of intermediary banks in domestic transfers, as long as the sender explicitly identifies the intermediary in the payment order.¹⁰ If the FRB intends to permit domestic intermediary use, it should expressly clarify what is permitted within FedNow and how such arrangements would interact with private-sector real-time payment networks. We suggest the requirements already mandated in the regulation governing Fedwire

⁸ BNY agrees with The Clearing House and the Bank Policy Institute on this point.

⁹ *Id.*

¹⁰ 12 CFR § 210.30(b).

also apply to use of intermediary banks using FedNow. The FRB should address the practical effects on participation incentives and the timing of funds availability. The FRB should also consider whether any such arrangements would require additional messaging, formatting, or implementation standards to support consistent operational processing across networks.

Conclusion

BNY supports the FRB's proposal to allow FedNow participants to use intermediaries other than Reserve Banks when sending funds transfers through the FedNow Service. The Proposal would better align FedNow with established intermediated payment models, expand the service's utility for legitimate cross-border use cases, and respond to market demand for safe instant payment capabilities into the U.S. A final rule that pairs this expanded utility with clear guardrails on eligibility, responsibilities, and risk allocation would preserve the safety, soundness, and integrity of Federal Reserve payment services. BNY looks forward to working with the Federal Reserve on this matter. We would be happy to provide further information regarding the comments contained in this letter. Should you have any questions, please contact Yana Miles at Yana.Miles@bny.com.

Thank you for considering these comments,

A handwritten signature in cursive script that reads "Jennifer Barker".

Jennifer Barker

Global Head of Payments & Trade and Depositary Receipts,
Head of Europe (including UK)