

FEDERAL RESERVE SYSTEM

Docket No. R-1111

Policy Statement on Payments System Risk

Potential Longer-Term Policy Direction

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Extension of comment deadline.

SUMMARY: The Board has extended the deadline for its request for comment on the potential longer-term direction of its payments system risk (PSR) policy (66 FR 30208, June 6, 2001). The longer-term policy options include the following: (1) lowering single-day net debit cap levels to approximately the current two-week average cap levels and eliminating the two-week average net debit cap, (2) implementing a two-tiered pricing regime for daylight overdrafts such that institutions pledging collateral to the Reserve Banks pay a lower fee on their collateralized daylight overdrafts than on their uncollateralized daylight overdrafts, and (3) monitoring in real time all payments with settlement-day finality and rejecting those payments that would cause an institution to exceed its net debit cap or daylight overdraft capacity level.

DATE: Comments must be received by November 16, 2001.

ADDRESSES: Comments, which should refer to Docket No. R-1111, may be mailed to Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, D.C. 20551 or mailed electronically to regs.comments@federalreserve.gov. Comments addressed to Ms. Johnson also may be delivered to the Board's mailroom between 8:45 a.m. and 5:15 p.m. and to the security control room outside of those hours. Both the mailroom and the security control room are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, NW. Comments may be inspected in Room MP-500 between 9:00 a.m. and 5:00 p.m. weekdays, pursuant to §261.12, except as provided in §261.14, of the Board's Rules Regarding Availability of Information, 12 CFR 261.12 and 261.14.

FOR FURTHER INFORMATION CONTACT: Paul Bettge, Associate Director (202/452-3174), Stacy Coleman, Manager (202/452-2934), or John Gibbons, Senior Financial Services Analyst (202/452-6409), Division of Reserve Bank Operations and Payment Systems.

SUPPLEMENTARY INFORMATION: As a result of the terrorist attacks that occurred on September 11, some organizations with an interest in the potential longer-term policy direction of the Board's payments system risk policy have had to devote significant resources to ensuring the continued smooth functioning of the payments systems and financial markets. The Board has extended the comment deadline to provide these organizations with adequate time to analyze the issues raised in the notice and to incorporate their perspectives on recent financial market experiences.

By order of the Board of Governors of the Federal Reserve System, September 21, 2001.

(signed) Jennifer J. Johnson

Jennifer J. Johnson,
Secretary of the Board.