

## **FEDERAL RESERVE SYSTEM**

### **12 CFR Chapter II**

#### **Docket No. OP-1589**

**AGENCY:** Board of Governors of the Federal Reserve System.

#### **Federal Reserve Policy on Payment System Risk; U.S. Branches and Agencies of Foreign Banking Organizations**

**ACTION:** Notice.

**SUMMARY:** The Board of Governors of the Federal Reserve System (“Board”) is delaying the implementation date of changes to part II of the Federal Reserve Policy on Payment System Risk (“PSR policy”) related to procedures for determining the net debit cap and maximum daylight overdraft capacity of a U.S. branch or agency of a foreign banking organization (“FBO”).

**EFFECTIVE DATE:** The changes are effective October 1, 2020.

#### **FOR FURTHER INFORMATION CONTACT:**

Jeffrey Walker, Deputy Associate Director (202-721-4559), Jason Hinkle, Assistant Director (202-912-7805); or Brajan Kola, Senior Financial Institution and Policy Analyst (202-736-5683), Division of Reserve Bank Operations and Payment Systems; or Evan Winerman, Senior Counsel (202-872-7578), Legal Division, Board of Governors of the Federal Reserve System. For users of Telecommunications Device for the Deaf (TDD) only, please call 202-263-4869.

#### **SUPPLEMENTARY INFORMATION:**

On April 1, 2019, the Board approved amendments to Part II of the PSR policy, which establishes the maximum levels of daylight overdrafts that depository institutions may incur in their Federal Reserve accounts.<sup>1</sup> These amendments will remove references to the Strength of

---

<sup>1</sup> 84 FR 12049 (April 1, 2019).

Support Assessment (“SOSA”) ranking; remove references to FBOs’ financial holding company (“FHC”) status; and adopt alternative methods for determining an FBO’s eligibility for a positive net debit cap, the size of its net debit cap, and its eligibility to request a streamlined procedure to obtain maximum daylight overdraft capacity. The Board selected April 1, 2020, as the implementation date for these amendments in response to a comment requesting that the Board delay implementation for at least 12 months. The Board stated “that a transition period would help FBOs adjust to these changes.”<sup>2</sup>

The availability of intraday credit from the Federal Reserve Banks supports the smooth functioning of payment systems and the settlement and clearing of transactions across a range of credit markets. The coronavirus outbreak has disrupted economic activity and financial markets in the United States. In light of these ongoing disruptions, the Board believes that, out of an abundance of caution, it should extend the transition period to October 1, 2020. This additional time will allow FBOs and the Reserve Banks to focus on other heightened priorities rather than establishing new arrangements for accessing intraday credit.

Accordingly, the Board is delaying the implementation date of the amendments to the PSR policy from April 1, 2020 to October 1, 2020.

**By order of the Board of Governors of the Federal Reserve System, March 24, 2020.**

Michele T. Fennell (signed)

---

**Michele T. Fennell,**  
*Assistant Secretary of the Board*

---

<sup>2</sup> *Id.* at 12056.