

FEDERAL RESERVE SYSTEM

Docket No. OP-1760

Federal Reserve Bank Services

Notice Of Private Sector Adjustment Factor For 2022 And The 2022 Fee Schedules For Federal Reserve Priced Services And Electronic Access

SUMMARY: The Board of Governors of the Federal Reserve System (Board) has approved the private sector adjustment factor (PSAF) for 2022 of \$19.4 million and the 2022 fee schedules for Federal Reserve priced services and electronic access. These actions were taken in accordance with the Monetary Control Act of 1980, which requires that, over the long run, fees for Federal Reserve priced services be established based on all direct and indirect costs, including the PSAF.

DATES: The new fee schedules become effective January 3, 2022.

FOR FURTHER INFORMATION CONTACT: For questions regarding the fee schedules: Susan Foley, Senior Associate Director, (202) 452-3596; Kristopher Natoli, Manager, (202) 452-3227; Division of Reserve Bank Operations and Payment Systems. For questions regarding the PSAF: Casey Clark, Assistant Director, (202) 912-7978; Grace Milbank, Lead Financial Institution Policy Analyst, (202) 263-4828, Division of Reserve Bank Operations and Payment Systems. Copies of the 2022 fee schedules for the Check Service are available from the Board, the Federal Reserve Banks, or the Federal Reserve Financial Services web site at www.FRBservices.org.

I. Supplementary Information:

Private Sector Adjustment Factor, Priced Services Cost Recovery, and Overview of 2022 Price Changes

A. Overview — Each year, as required by the Monetary Control Act of 1980, the Reserve Banks set fees for priced services provided to financial institutions.¹ These fees are set to recover, over the long run, all direct and indirect costs and imputed costs, including

¹ On August 5, 2019, the Board announced that the Reserve Banks will develop the FedNowSM Service, an interbank real-time gross settlement (RTGS) service with integrated clearing functionality, to support the provision of end-to-end faster payment services. The Board anticipates the FedNow Service will be available in 2023. Following the introduction of the FedNow Service, the Board will regularly disclose the service's cost recovery and will monitor progress toward matching revenues and costs.

financing costs, taxes, and certain other expenses, as well as the return on equity (profit) that would have been earned if a private-sector business provided the services. The imputed costs and imputed profit are collectively referred to as the private-sector adjustment factor (PSAF).²

B. Long-run cost recovery — Although the Monetary Control Act does not define “over the long run,” the Board has generally measured long-run cost recovery for mature services to be over a 10-year rolling timeframe.³ In any given year, one or more priced services may under-recover for a variety of reasons, including due to significant investments to enhance a service.

Through 2020, the Reserve Banks’ long-run cost recovery was 103.5 percent of their total expenses (including imputed costs) and targeted after-tax profits or return on equity (ROE) for providing priced services.⁴ Over the same period, each of the services over recovered except for the FedACH® Services. The FedACH Services’ under-recovery resulted from the Reserve Banks’ development and implementation of a multiyear technology initiative to modernize the FedACH processing platform capabilities. While the modernized platform was implemented in 2021, the Reserve Banks are continuing to invest in platform capabilities, as well as resiliency initiatives, as part of a broader enhancement strategy. At the same time, the Reserve Banks have made minimal changes to existing FedACH fees to provide price stability for customers. While the Reserve Banks project the FedACH Services’ long-run cost recovery through 2022 to be 97.4 percent, they ultimately expect the FedACH Services to return to full cost recovery. The Reserve Banks project

² The business lines subject to the MCA are the Fedwire® Funds Service, National Settlement Service, Fedwire Securities Service, FedACH® Services, and Check Services.

³ The Board views a 10-year cost recovery expectation as appropriate for assessing mature services, which are those that have achieved a critical mass of customer participation and generally have stable and predictable volumes, costs, and revenues.

⁴ The 10-year recovery rate is based on the pro forma income statements for Federal Reserve priced services published in the Board’s *Annual Report*. In accordance with Accounting Standards Codification (ASC) 715 *Compensation – Retirement Benefits*, the Reserve Banks recognized a \$630.7 million cumulative reduction in equity related to the priced services’ benefit plans through 2020. Including this cumulative reduction in equity from 2011 to 2020 results in cost recovery of 95.6 percent for the 10-year period. This measure of long-run cost recovery is also published in the Board’s *Annual Report*.

aggregate long-run cost recovery across all services through 2021 and 2022 to be 103.1 percent and 102.3 percent, respectively.

C. Annual cost recovery – In 2021, the Federal Reserve implemented a new cost accounting framework in parallel with a new Enterprise Resource Planning application as part of a broader modernization effort.⁵ Given the recent implementation of these changes, the expense projections for 2022 presented in this notice reflect a greater degree of uncertainty than in prior years. The Reserve Banks believe that these projections are based on conservative assumptions and biased toward higher costs and under-recovery. The Reserve Banks have calibrated their 2022 financial planning accordingly.

Table 1 summarizes 2020 actual, 2021 estimated, and 2022 budgeted annual cost recovery rates for all priced services. Cost recovery is estimated to be 100.5 percent in 2021 and budgeted to be 97.1 percent in 2022.

Table 1

Aggregate Priced Services Pro Forma Cost and Revenue Performance ^a (dollars in millions)					
Year	1^b REVENUE	2^c TOTAL EXPENSES	3 NET INCOME (ROE) [1-2]	4^d TARGETED ROE	5^e RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2020 (actual)	446.9	433.9	13.0	5.9	101.6%
2021 (estimate)	464.9	458.4	6.5	4.4	100.5%
2022 (budget)	477.2	484.3	(7.1)	7.2	97.1%

⁵ The Federal Reserve approved the new Cost Accounting Strategic Planning and Reporting (CASPR), replacing the Planning Control System cost accounting framework that was established in 1977 and refreshed in 2001. CASPR establishes cost-accounting policies and provides uniform reporting structure for accumulating and reporting cost data for priced, reimbursable, assessed, and other central bank services for all Federal Reserve Banks. The framework provides the rules that serve to ensure the consistent application at all Reserve Banks of cost-accounting methodologies, data comparability, and practical measures of the cost of providing Federal Reserve services.

^a Calculations in this table and subsequent pro forma cost and revenue tables may be affected by rounding. Excludes amounts related to the development of the FedNow Service.

^b Revenue includes imputed income on investments when equity is imputed at a level that meets minimum capital requirements and, when combined with liabilities, exceeds total assets (attachment 1). For 2022, the projected revenue assumes implementation of the fee changes.

^c The calculation of total expense includes operating, imputed, and other expenses. Imputed and other expenses include taxes, Board of Governors' priced services expenses, the cost of float, and interest on imputed debt, if any. Credits or debits related to the accounting for pension plans under ASC 715 are also included.

^d Targeted ROE is the after-tax ROE included in the PSAF.

^e The recovery rates in this and subsequent tables do not reflect the unamortized gains or losses that must be recognized in accordance with ASC 715. Future gains or losses, and their effect on cost recovery, cannot be projected.

Table 2 provides an overview of cost-recovery budgets, estimates, and performance for the 10-year period from 2011 to 2020, 2020 actual, 2021 budget, 2021 estimate, and 2022 budget by priced service.

Table 2

Priced Services Cost Recovery					
(percent)					
PRICED SERVICE	2011-2020	2020	2021	2021	2022
		ACTUAL	BUDGET^A	ESTIMATE	BUDGET^B
All services	103.5	101.6	98.7	100.5	97.1
Check	108.9	103.2	97.7	99.1	94.3
FedACH	98.1	97.5	97.4	96.4	99.0
Fedwire [®] Funds and NSS	102.6	105.3	100.5	106.0	97.0
Fedwire Securities	102.3	101.1	100.9	100.4	97.2

^A The 2021 budget figures reflect the final budgets as approved by the Board in December 2020.

^B The 2022 budget figures reflect preliminary budget information from the Reserve Banks. The Reserve Banks will submit final budget data to the Board in November 2021, for Board consideration in December 2021.

1. *2021 Estimated Performance* — The COVID-19 pandemic created a heightened degree of uncertainty around forecasts of the priced services' volumes and revenues. These challenges were reflected in the Board's approval to keep most priced services' fees unchanged in 2021 and contributed to differences between the Reserve Banks' 2021 overall cost-recovery original budget and current estimate. The Reserve Banks estimate that they

will recover 100.5 percent of the costs of providing priced services in 2021, including total expense and targeted ROE, compared with a 2021 budgeted recovery rate of 98.7 percent, as shown in table 2. Overall, the Reserve Banks estimate that they will fully recover actual and imputed costs and earn net income of \$6.5 million, compared with the targeted ROE of \$4.4 million. The Reserve Banks estimate that the Fedwire Funds and National Settlement Services, and the Fedwire Securities Service will achieve full cost recovery; however, the Reserve Banks estimate that the Check Services and FedACH Services will not achieve full cost recovery in 2021. The Check Services' estimated under-recovery is largely driven by the anticipated further decline in check volumes. Consistent with recent years, the FedACH Services will not achieve full cost recovery because of investment costs associated with completing the multiyear technology initiative to modernize its processing platform.⁶ This investment enhanced efficiency, the overall quality of operations, and the Reserve Banks' ability to offer additional services to financial institutions.

2. *2022 Private-Sector Adjustment Factor* — The 2022 PSAF for Reserve Bank priced services is \$19.4 million. This amount represents an increase of \$3.0 million from the 2021 PSAF of \$16.4 million. This increase is primarily the result of an increased cost of meeting the PSR Policy.

3. *2022 Projected Performance* — The Reserve Banks project a priced services cost recovery rate of 97.1 percent in 2022, with a net loss of \$7.1 million and targeted ROE of \$7.2 million. The Reserve Banks project that each of the individual service lines will under-recover in 2022. The Fedwire Funds Service and National Settlement Service are expected to under recover due to ongoing technology investments, including those associated with the Fedwire Funds Service transitioning to the ISO[®] 20022 messaging format. The Fedwire Securities Service is expected to under-recover due to the timing of a strategic transition to more accurately allocate the costs of providing the service. The Check Services' under-recovery projections are largely driven by an anticipated further decline in check volumes, while the FedACH Services under-recovery projection is driven by continued technology modernization and resiliency initiatives.

⁶ The Reserve Banks engaged in a multiyear technology initiative to modernize the FedACH processing platform capabilities, which was implemented in 2021.

The Reserve Banks' primary risks to current projections are unanticipated volume and revenue reductions and the potential for cost overruns from new and ongoing improvement initiatives.⁷

4. *2022 Pricing* - The following summarizes the Reserve Banks' changes in fee schedules for priced services in 2022:

Check

- The Reserve Banks will reassign the tier placement of 1,210 and 54 endpoints within FedForward[®] and FedReturn[®] Services, respectively.⁸ Related to that reassignment, the Reserve Banks will lower the volume thresholds by 7 percent for FedForward tiers and 20 percent for FedReturn tiers.
- The Reserve Banks will lower the daily fixed fees for the FedForward Standard Daily A and B deposit options, by \$25 and \$50, respectively, and the FedForward Premium Daily A, B, and C deposit options, by \$100, \$200, and \$300, respectively.
- The Reserve Banks will lower the volume thresholds by 7 percent for both Retail Payments Premium Receivers (RPPR) customers and non-RPPR customers within the FedReceipt[®] Accelerated Forward Delivery Service. The Reserve Banks will also remove the highest level of discount available to non-RPPR customers.
- The Reserve Banks will increase the tiered pricing structure for the monthly Check 21 participation fee with fees ranging from \$55 to \$225.

⁷ The Reserve Banks are preparing to deliver services to the industry via Application Programming Interfaces (API) to the industry in 2022. APIs are a set of protocols for connecting software systems programmatically, enabling system-to-system interoperability. Communication will be forthcoming on timing and availability of initial APIs.

⁸ The Reserve Banks evaluate and set tier assignments every other year based on changes in the volume of items received by endpoints.

- The Reserve Banks will increase the FedReceipt Premium Delivery per-item fees by \$0.006 for the 8:00 a.m. ET Target, \$0.003 for the 10:00 a.m. Target, and \$0.003 for the 12:00 noon Target.⁹

FedACH

- The Reserve Banks will increase the FedLine Web[®]-originated Return and Notification of Change (NOC) fee by \$0.15.
- The Reserve Banks will increase pricing tiers for the FedPayments[®] Reporter Service by approximately 10 percent.
- The Reserve Banks will discontinue the \$20 monthly bundled service package discount.

Fedwire Funds

- The Reserve Banks will increase the monthly participation fee from \$95 to \$100.
- The Reserve Banks will increase the tier 1 volume-based pre-incentive transfer fee from \$0.84 to \$0.88.
- The Reserve Banks will increase the tier 2 volume-based pre-incentive transfer fee from \$0.25 to \$0.255.
- The Reserve Banks will increase the tier 3 volume-based pre-incentive transfer fee from \$0.165 to \$0.17.
- The Reserve Banks will increase the surcharge for offline transfers from \$65 to \$70.

National Settlement Service

- The Reserve Banks will keep prices at existing levels for all existing priced National Settlement Service products.

Fedwire Securities

⁹ The 8:00 a.m. delivery target is expressed in eastern time, while the 10:00 a.m. and 12:00 noon targets are local time.

- The Reserve Banks will decrease the agency transfer fee from \$0.98 to \$0.77.

FedLine® Solutions

- The Reserve Banks will increase the price for FedMail® Fax Service from \$150 to \$200.
- The Reserve Banks will increase the price for FedMail Email Service (for customers with FedLine Web and above) from \$40 to \$60.
- The Reserve Banks will increase the price for FedLine Subscribers – Pack of 5 from \$80 to \$100.

D. *Private Sector Adjustment Factor* — The imputed debt financing costs, targeted ROE, and effective tax rate are based on a U.S. publicly traded firm market model.¹⁰ The method for calculating the financing costs in the PSAF requires determining the appropriate imputed levels of debt and equity and then applying the applicable financing rates. In this process, a pro forma balance sheet using estimated assets and liabilities associated with the Reserve Banks' priced services is developed, and the remaining elements that would exist are imputed as if these priced services were provided by a private business firm. The same generally accepted accounting principles that apply to commercial-entity financial statements apply to the relevant elements in the priced services pro forma financial statements.

The portion of Federal Reserve assets that will be used to provide priced services during the coming year is determined using information about actual assets and projected disposals and acquisitions. The priced portion of these assets is determined based on the allocation of depreciation and amortization expenses of each asset class. The priced portion of actual Federal Reserve liabilities consists of postemployment and postretirement benefits, accounts payable, and other liabilities. The priced portion of the actual net pension asset or liability is also included on the balance sheet.¹¹

¹⁰ Data for U.S. publicly traded firms is from the Standard and Poor's Compustat® database. This database contains information on more than 6,000 U.S. publicly traded firms, which approximates information for the entirety of the U.S. market.

¹¹ The pension assets are netted with the pension liabilities and reported as a net asset or net liability as required by ASC 715 *Compensation – Retirement Benefits*.

The equity financing rate is the targeted ROE produced by the capital asset pricing model (CAPM). In the CAPM, the required rate of return on a firm's equity is equal to the return on a risk-free asset plus a market risk premium. The risk-free rate is based on the three-month Treasury bill; the beta is assumed to be equal to 1.0, which approximates the risk of the market as a whole; and the market risk premium is based on the monthly returns in excess of the risk-free rate over the most recent 40 years. The resulting ROE reflects the return a shareholder would expect when investing in a private business firm.

For simplicity, given that federal corporate income tax rates are graduated, state income tax rates vary, and various credits and deductions can apply, an actual income tax expense is not explicitly calculated for Reserve Bank priced services. Instead, the Board targets a pretax ROE that would provide sufficient income to fulfill the priced services' imputed income tax obligations. To the extent that performance results are greater or less than the targeted ROE, income taxes are adjusted using the effective tax rate.

Capital structure. The capital structure is imputed based on the imputed funding need (assets less liabilities), subject to minimum equity constraints. Short-term debt is imputed to fund the imputed short-term funding need. Long-term debt and equity are imputed to meet the priced services long-term funding need at a ratio based on the capital structure of the U.S. publicly traded firm market. The level of equity must meet the minimum equity constraints, which follow the FDIC requirements for a well-capitalized institution. The priced services must maintain equity of at least 5 percent of total assets and 10 percent of risk-weighted assets.¹² Any equity imputed that exceeds the amount needed to fund the priced services' assets and meet the minimum equity constraints is offset by a reduction in imputed long-term debt. When imputed equity is larger than what can be offset by imputed debt, the excess is imputed as investments in Treasury securities; income imputed on these investments reduces the PSAF.

¹² The FDIC rule, which was adopted as final on April 14, 2014, requires that well-capitalized institutions meet or exceed the following standards: (1) total capital to risk-weighted assets ratio of at least 10 percent, (2) tier 1 capital to risk-weighted assets ratio of at least 8 percent, (3) common equity tier 1 capital to risk-weighted assets ratio of at least 6.5 percent, and (4) a leverage ratio (tier 1 capital to total assets) of at least 5 percent. Because all of the Federal Reserve priced services' equity on the pro forma balance sheet qualifies as tier 1 capital, only requirements 1 and 4 are binding. The FDIC rule can be located at https://www.fdic.gov/news/board/2014/2014-04-08_notice_dis_c_fr.pdf.

Application of the Payment System Risk (PSR) Policy to the Fedwire Funds Service.

The Board's PSR policy incorporates the international standards for financial market infrastructures (FMIs) developed by the Committee on Payments and Market Infrastructure¹³ and the Technical Committee of the International Organization of Securities Commissions in the *Principles for Financial Market Infrastructures*. The policy requires that the Fedwire Funds Service meet or exceed the applicable risk-management standards. Principle 15 states that an FMI should identify, monitor, and manage general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialize. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services. The Fedwire Funds Service does not face the risk that a business shock would cause the service to wind down in a disorderly manner and disrupt the stability of the financial system. To foster competition with private-sector FMIs, however, the Reserve Banks' priced services will hold an amount equivalent to six months of the Fedwire Funds Service's current operating expenses as liquid financial assets and equity on the pro forma balance sheet.¹⁴ Current operating expenses are defined as normal business operating expenses on the income statement, less depreciation, amortization, taxes, and interest on debt. Using the Fedwire Funds Service's preliminary 2022 budget, six months of current operating expenses would be \$77.6 million. In 2022, \$46.8 million of equity was imputed to meet the FDIC capital requirements. Additional equity of \$30.8 million was necessary to meet the PSR policy requirement.

Effective tax rate. Like the imputed capital structure, the effective tax rate is calculated based on data from U.S. publicly traded firms. The tax rate is the mean of the weighted average rates of the U.S. publicly traded firm market over the past five years.

Debt and equity financing. The imputed short- and long-term debt financing rates are derived from the nonfinancial commercial paper rates from the Federal Reserve Board's H.15 Selected Interest Rates release (AA and A2/P2) and the annual Merrill Lynch

¹³ Formerly the Committee on Payment and Settlement Systems.

¹⁴ This requirement does not apply to the Fedwire Securities Service. There are no competitors to the Fedwire Securities Service that would face such a requirement, and imposing such a requirement when pricing the securities services could artificially increase the cost of these services.

Corporate & High Yield Index rate, respectively. The equity financing rate is described above. The rates for debt and equity financing are applied to the priced services estimated imputed short-term debt, long-term debt, and equity needed to finance short- and long-term assets and meet equity requirements.

The 2022 PSAF is \$19.4 million, compared with \$16.4 million in 2021. The increase of \$3.0 million is attributable to a net \$3.1 million increase in the cost of capital. The net \$3.1 million increase in cost of capital resulted from an incremental \$3.6 million increase in return on imputed equity necessary for PSR policy compliance partially offset by a \$0.3 million decrease in the cost of debt and a \$0.2 million decrease in the return on equity imputed to satisfy the FDIC requirements for a well-capitalized institution.

The PSAF expense of \$19.4 million, detailed in table 5, reflects \$9.0 million for capital funding, \$6.2 million for BOG expense, and \$4.2 million in sales tax expense.

As shown in table 3, 2022 total assets of \$790.1 million decreased by \$0.5 million from 2021. The net decrease in total assets reflects a \$55.9 million decrease in long-term assets partially offset by a \$55.4 million increase in short-term assets and imputed investments.

The net long-term asset decrease of \$55.9 million primarily consists of a \$65.9 million decrease in the net pension asset. The net pension asset decrease reflects lower plan contributions planned for 2021 and for 2022. The reclassification of assets between Premises and Furniture and equipment and the reclassification of assets between long-term Software and leasehold improvements and short-term Prepaid expenses primarily reflect accounting policy changes.¹⁵ The increase in the deferred tax asset is due to increases expected from demographic experiences.

The increase in the short-term assets is primarily driven by a \$101.9 million increase in the imputed investments in Treasury securities from imputed equity required to meet FDIC capital requirements for a well-capitalized institution and to comply with the PSR

¹⁵ The Financial Accounting Manual for the Federal Reserve Bank: Summary of Revisions describes the accounting policy changes impacting asset reclassifications. Available at <https://www.federalreserve.gov/aboutthefed/summary-of-revisions.htm>.

policy and a \$19.7 million increase in prepaid expenses partially offset by a \$70.0 million decrease in imputed investments in Fed Funds.

The capital structure of the 2022 pro forma balance sheet, provided in table 4, is composed of equity of \$77.6 million, or 16.6 percent of the 2022 risk-weighted assets detailed in table 6, and no long-term debt. The 2022 capital structure differs from that of 2021, which was composed of \$51.8 million of equity and \$9.1 million of long-term debt. Provided in table 5, the 2022 initially imputed equity required to fund assets and meet the publicly traded firm model capital requirements is negative \$9.9 million. As long-term liabilities are greater than long-term assets, long-term debt of negative \$14.4 million was imputed at the observed market ratio of 59.1 percent. To meet the FDIC capital requirements for a well-capitalized institution, \$14.4 million of negative imputed long-term debt was substituted for equity, and additional equity of \$56.7 million was imputed to meet the FDIC capital requirements. The resulting \$46.8 million total level of equity was not sufficient to satisfy the \$77.6 million equity needed for the PSR policy requirements and additional equity of \$30.8 million was imputed.

The net Accumulated Other Comprehensive loss is \$687.7 million, compared with \$628.2 million in 2021. The \$59.5 million decrease is primarily attributable to a lower discount rate and demographic experiences. AOCI is in a net loss position and does not reduce the total imputed equity required to fund priced services assets or fulfill the FDIC equity requirements for a well-capitalized institution.

Table 3

Comparison of Pro Forma Balance Sheets for Budgeted Federal Reserve Priced Services^a
(millions of dollars – projected average for year)

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Short-term assets			
Receivables	\$ 39.0	\$ 37.1	\$ 1.9
Inventory	0.4	0.4	0.0
Prepaid expenses	30.5	10.8	19.7
Items in process of collection ¹⁶	64.0	62.1	1.9
Total short-term assets	<u>133.9</u>	<u>110.4</u>	<u>23.5</u>

¹⁶ Credit float, which represents the difference between items in process of collection and deferred credit items, occurs when the Reserve Banks debit the paying bank for transactions before providing credit to the depositing bank. Float is directly estimated at the service level.

Imputed investments¹⁷			
Imputed investment in Treasury Securities	\$ 101.9	\$ 0.0	\$ 101.9
Imputed investment in Fed Funds	172.0	242.0	(70.0)
Total imputed investments	<u>273.9</u>	<u>242.0</u>	<u>31.9</u>
Long-term assets			
Premises ¹⁸	\$ 87.6	\$ 94.6	\$ (7.0)
Furniture and equipment	51.9	31.5	20.4
Software and leasehold improvements	64.8	74.4	(9.6)
Net pension asset	0.9	66.8	(65.9)
Deferred tax asset	177.1	170.9	6.2
Total long-term assets	<u>382.3</u>	<u>438.2</u>	<u>(55.9)</u>
Total assets	<u>\$ 790.1</u>	<u>\$ 790.6</u>	<u>\$ (0.5)</u>
Short-term liabilities			
Deferred credit items ¹⁵	\$ 236.0	\$ 304.1	\$ (68.1)
Short-term debt	21.6	8.1	13.5
Short-term payables	48.3	40.2	8.1
Total short-term liabilities	<u>305.9</u>	<u>352.4</u>	<u>(46.5)</u>
Long-term liabilities			
Long-term debt	\$ 0.0	\$ 9.1	\$ (9.1)
Postemployment/postretirement benefits and net pension liabilities ¹⁹	406.6	377.3	29.3
Total liabilities	<u>\$ 712.4</u>	<u>\$ 738.9</u>	<u>\$ (26.3)</u>
Equity²⁰	<u>\$ 77.6</u>	<u>\$ 51.8</u>	<u>\$ 25.8</u>
Total liabilities and equity	<u>\$ 790.1</u>	<u>\$ 790.6</u>	<u>\$ (0.5)</u>

^a Calculations in this table and subsequent PSAF tables may be affected by rounding.

¹⁷ Consistent with the Board's PSR policy, the Reserve Banks' priced services will hold an amount equivalent to six months of the Fedwire Funds Service's current operating expenses as liquid net financial assets and equity on the pro forma balance sheet. Six months of the Fedwire Funds Service's projected current operating expenses is \$77.6 million. In 2022, \$30.8 million of equity was imputed to meet the regulatory capital requirements.

¹⁸ Includes the allocation of Board of Governors assets to priced services of \$2.1 million for 2022 and \$2.4 million for 2021.

¹⁹ Includes the allocation of Board of Governors liabilities to priced services of \$1.3 million for 2022 and \$1.0 million for 2021.

²⁰ Includes an accumulated other comprehensive loss of \$687.7 million for 2022 and \$628.2 million for 2021, which reflects the ongoing amortization of the accumulated loss in accordance with ASC 715. Future gains or losses, and their effects on the pro forma balance sheet, cannot be projected. See table 5 for calculation of required imputed equity amount.

Table 4
Imputed Funding for Priced-Services Assets
(millions of dollars)

	2022	2021
A. Short-term asset financing		
Short-term assets to be financed		
Receivables	\$ 39.0	\$ 37.1
Inventory	0.4	0.4
Prepaid expenses	30.5	10.8
Total short-term assets to be financed	<u>\$ 69.9</u>	<u>\$ 48.4</u>
Short-term payables	48.3	40.2
Net short-term assets to be financed	<u>\$ 21.6</u>	<u>\$ 8.1</u>
Imputed short-term debt financing ²¹	\$ 21.6	\$ 8.1
B. Long-term asset financing		
Long-term assets to be financed		
Premises	\$ 87.6	\$ 94.6
Furniture and equipment	51.9	31.5
Software and leasehold improvements	64.8	74.4
Net pension asset	0.9	66.8
Deferred tax asset	177.1	170.9
Total long-term assets to be financed	<u>\$ 382.3</u>	<u>\$ 438.2</u>
Postemployment/postretirement benefits and net pension liabilities	406.6	377.3
Net long-term assets to be financed	<u>\$ 77.6</u>	<u>\$ 60.9</u>
Imputed long-term debt ¹⁶	\$ 0.0	\$ 9.1
Imputed equity ¹⁶	77.6	51.8
Total long-term financing	<u>\$ 77.6</u>	<u>\$ 60.9</u>

²¹ Imputed short-term debt financing is computed as the difference between short-term assets and short-term liabilities. As presented in table 5, the financing costs of imputed short-term debt, imputed long-term debt and imputed equity are the elements of cost of capital, which contribute to the calculation of the PSAF.

Table 5Derivation of the 2022 and 2021 PSAF
(dollars in millions)

	2022		2021	
	Debt	Equity	Debt	Equity
A. Imputed long-term debt and equity				
Net long-term assets to finance Capital structure observed in market	\$ (24.3)	\$ (24.3)	\$ 60.9	\$ 60.9
	59.1%	40.9%	58.7%	41.3%
Pre-adjusted long-term debt and equity	\$ (14.4)	\$ (9.9)	\$ 35.7	\$ 25.2
Equity adjustments ²² :				
Equity to meet capital requirements	-	46.8	-	51.8
Adjustment to debt and equity funding given capital requirements ²³	14.4	(14.4)	(26.6)	26.6
Adjusted equity balance	-	(24.3)	-	51.8
Equity to meet capital requirements ²⁴	-	71.1	-	-
Total imputed long-term debt and equity	\$ -	\$ 46.8	\$ 9.1	\$ 51.8
B. Cost of capital				
Elements of capital costs				
Short-term debt ²⁵	\$ 21.6 X	0.1% = \$ -	\$ 8.1 x	0.2% = \$ -
Long-term debt ²⁵	- X	3.4% = -	9.1 x	3.8% = 0.3
Equity ²⁶	46.8 X	11.6% = 5.4	51.8 x	10.7% = 5.6
		\$ 5.4		\$ 5.9
C. Incremental cost of PSR policy				
Equity to meet policy	\$ 30.8 X	11.6% = \$ 3.6	\$ - x	10.7% = \$ -
D. Other required PSAF costs				

²² If minimum equity constraints are not met after imputing equity based on the capital structure observed in the market, additional equity is imputed to meet these constraints. The long-term funding need was met by imputing long-term debt and equity based on the capital structure observed in the market (see tables 4 and 6). In 2021, the amount of imputed equity met the minimum equity requirements for risk-weighted assets.

²³ Equity adjustment offsets are due to a shift of long-term debt funding to equity in order to meet FDIC capital requirements for well-capitalized institutions.

²⁴ Additional equity in excess of that needed to fund priced services assets is offset by an asset balance of imputed investments in treasury securities.

²⁵ Imputed short-term debt and long-term debt are computed at table 4.

²⁶ The 2022 ROE is equal to a risk-free rate plus a risk premium (beta * market risk premium). The 2021 after-tax CAPM ROE is calculated as 0.05% + (1.0 * 9.16%) = 9.21%. Using a tax rate of 20.3%, the after-tax ROE is converted into a pretax ROE, which results in a pretax ROE of (9.21% / (1-20.3%)) = 11.55%. Calculations may be affected by rounding.

Sales taxes	\$ 4.2		\$ 3.9	
Board of Governors expenses	<u>6.2</u>		<u>6.6</u>	
		10.4		10.5
		<u>\$ 19.4</u>		<u>\$ 16.4</u>
E. Total PSAF				
As a percent of assets		2.5%		2.1%
As a percent of expenses		4.3%		4.1%
F. Tax rates		20.3%		20.8%

Table 6

Computation of 2021 Capital Adequacy for Federal Reserve Priced Services
(dollars in millions)

	<u>Assets</u>	<u>Risk Weight</u>	<u>Weighted Assets</u>
Imputed investments:			
1-Year Treasury securities ²⁷	\$ 101.9	-	\$ -
Federal funds ²⁸	172.0	0.2	34.4
Total imputed investments	<u>273.9</u>		<u>34.4</u>
Receivables	\$ 39.0	0.2	\$ 7.8
Inventory	0.4	1.0	0.4
Prepaid expenses	30.5	1.0	30.5
Items in process of collection	64.0	0.2	12.8
Premises	87.6	1.0	87.6
Furniture and equipment	51.9	1.0	51.9
Software and leasehold improvements	64.8	1.0	64.8
Pension asset	0.9	1.0	0.9
Deferred tax asset	<u>177.1</u>	1.0	<u>177.1</u>
 Total	 <u>\$ 790.1</u>		 <u>\$ 468.2</u>
Imputed equity:			
Capital to risk-weighted assets	16.6%		
Capital to total assets	9.8%		

²⁷ If minimum equity constraints are not met after imputing equity based on all other financial statement components, additional equity is imputed to meet these constraints. Additional equity imputed to meet minimum equity requirements is invested solely in Treasury securities. The imputed investments are similar to those for which rates are available on the Federal Reserve's H.15 statistical release, which can be located at <http://www.federalreserve.gov/releases/h15/data.htm>.

²⁸ The investments are imputed based on the amounts arising from the collection of items before providing credit according to established availability schedules.

E. *Check Service* — Table 7 shows the 2020 actual, 2021 estimated, and 2022 budgeted cost-recovery performance for the commercial check service.

Table 7

Check Service Pro Forma Cost and Revenue Performance (dollars in millions)					
YEAR	1 REVENUE	2 TOTAL EXPENSE	3 NET INCOME (ROE) [1-2]	4 TARGETED ROE	5 RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2020 (actual)	114.1	109.3	4.8	1.3	103.2
2021 (estimate)	109.0	108.9	0.1	1.1	99.1
2022 (budget)	105.2	110.5	(5.3)	1.0	94.3

1. *2021 Estimate* — The Reserve Banks estimate that the check service will recover 99.1 percent of total expenses and targeted ROE, compared with a 2021 budgeted recovery rate of 97.7 percent.

Through June, total commercial forward and total commercial return check volumes were 2.5 percent and 16.4 percent lower, respectively, than they were during the same period last year. For full-year 2021, the Reserve Banks estimate that their total forward check volume will decline 3.0 percent (compared with a budgeted decline of 5.0 percent) and their total return check volume will decline 8.1 percent (compared with a budgeted decline of 7.0 percent) from 2020 levels. The Reserve Banks expect that check volumes will continue to decline, although uncertainty remains as to the rate of decline into 2022. In particular, the Reserve Banks' check volumes are expected to decline because of substitution away from checks to other payment instruments.

2. *2022 Pricing* — The Reserve Banks expect Check Services to recover 94.3 percent of total expenses and targeted ROE in 2022. The Reserve Banks project revenue to be \$105.2 million, a decline of 3.4 percent from the 2021 estimate. Total expenses for Check Services are projected to be \$110.5 million, an increase of \$1.6 million, or 1.5 percent, from 2021 estimated expenses.

The Reserve Banks will increase the pricing tiers for the fixed monthly participation fee. In light of the ongoing volume declines, the changes are intended to continue to support revenue stability through fixed fees while minimizing the impact of fee increases on smaller

institutions, taking into account higher system utilization costs associated with higher volumes from larger institutions. Table 8 shows the 2022-tiered participation fees.

Table 8

Check 21 Participation Fee Structure	
TIER²⁹	MONTHLY FEE
1	\$225.00
2	\$140.00
3	\$90.00
4	\$55.00

The Reserve Banks evaluate and set tier assignments every other year based on changes in the volume of items received by endpoints.³⁰ In 2022, the Reserve Banks will reassign the tier placement of 1,210 endpoints for FedForward services and 54 endpoints for FedReturn services. As part of this year’s analysis, the Reserve Banks also reviewed the volume thresholds as overall industry check volumes continue to decline and endpoints naturally move into higher priced tiers. Therefore, to minimize customer impact, the Reserve Banks will lower the tiered FedForward volume thresholds by 7 percent and the tiered FedReturn thresholds by 20 percent.

Based on the 2022 tier assignments, the Reserve Banks will include changes to the daily fixed fees for the FedForward Standard Daily and FedForward Premium Daily deposit options. The Reserve Banks will lower the daily fixed fees for FedForward Standard Daily A and FedForward Standard Daily B image cash letters by \$25 and \$50, respectively. The Reserve Banks will lower the daily fixed fees for the FedForward Premium Daily A, FedForward Premium Daily B, and FedForward Premium Daily C image cash letters by \$100, \$200, and \$300, respectively.

²⁹ This fee is charged to financial institutions that have received any Check 21 electronic or substitute check volume (forward or return) from the Reserve Banks during the month. The fee is applied at the parent financial institution level, as defined in the Reserve Banks' Global Customer Directory (GCD). Each financial institution’s tier assignment is determined by the criteria described in the FedForward Standard Endpoint Tier Listing.

³⁰ In 2019, in response to feedback from customers, the Reserve Banks decided to evaluate and set tier assignments every other year instead of annually to provide more certainty and price stability to the industry. The Reserve Banks last evaluated and set tier assignments for the 2020 fee schedules.

The Reserve Banks will also lower the volume discount thresholds associated with the FedReceipt Accelerated Forward Delivery service to align them with overall industry volume decline and allow customers to continue to qualify for volume-based discounts. The Reserve Banks will lower the thresholds by 7 percent, for both Retail Payments Premium Receivers (RPPR) and non-RPPR discount levels. The Reserve Banks will also remove the higher discount level previously available to non-RPPR customers.

Lastly, the Reserve Banks will increase the per-item fee for the FedReceipt Premium Delivery 8:00 a.m. ET target by \$0.006 to \$0.032, for the 10:00 a.m. target by \$0.003 to \$0.020, and for the 12:00 noon target by \$0.003 to \$0.015.³¹ The fee increases are intended to continue pursuing value-based pricing for those financial institutions that use the service. The Reserve Banks estimate the above price changes, along with an expected decrease in volume, will result in an overall 3.4 percent average price increase for Check Services' customers.

The Reserve Banks' primary risk to current projections for Check Services is a greater-than-expected decline in check volume due to the general reduction in check writing and competition from correspondent banks, aggregators, and direct exchanges, which would result in lower-than-anticipated revenue.

F. *FedACH Services* — Table 9 shows the 2020 actual, 2021 estimate, and 2022 budgeted cost-recovery performance for the commercial FedACH Services.

Table 9

FedACH Services Pro Forma Cost and Revenue Performance					
(dollars in millions)					
YEAR	1 REVENUE	2 TOTAL EXPENSE	3 NET INCOME (ROE) [1-2]	4 TARGETED ROE	5 RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2020 (actual)	159.4	161.5	(2.1)	2.0	97.5
2021 (estimate)	164.6	169.2	(4.6)	1.6	96.4
2022 (budget)	173.2	173.5	(0.3)	1.5	99.0

³¹ FedReceipt Services consist of the electronic presentment of an image cash letter to the paying bank that consists of all forward items deposited electronically. The 8:00 a.m. delivery target is expressed in eastern time, while the 10:00 a.m. and 12:00 noon targets are local time.

1. *2021 Estimate* — The Reserve Banks estimate that the FedACH Services will recover 96.4 percent of total expenses and targeted ROE, compared with a budgeted recovery rate of 97.4 percent.

Through June, FedACH commercial origination and receipt volume was 11.1 percent higher than it was during the same period last year. For full-year 2021, the Reserve Banks estimate that FedACH commercial origination and receipt volume will increase 8.1 percent from 2020 levels, compared with a 2020 budgeted increase of 3.6 percent. Investment costs associated with the multiyear technology initiative to modernize the FedACH processing platform drove the overall under-recovery rate.

2. *2022 Pricing* — The Reserve Banks expect the FedACH Services to recover 99.0 percent of total expenses and targeted ROE in 2022. The Reserve Banks project revenue to be \$173.2 million, an increase of 5.2 percent from the 2021 estimate. Total expenses are projected to be \$173.5 million, an increase of 2.5 percent from 2021 expenses.

The Reserve Banks will increase the FedLine Web-originated Return and Notification of Change (NOC) fee by \$0.15 as the service will now allow a Receiving Depository Financial Institution (RDFI) to derive their own returns and NOCs for a payment presented through FedACH beyond the current 60 business day limitation to two years.

The Reserve Banks will increase the pricing tiers for the FedPayments Reporter Service for FedACH Services by approximately 10 percent given the enhancements made to the service in recent years.³² The Reserve Banks will also discontinue the \$20 monthly bundled service package discount given limited customer uptake in recent years.³³ The Reserve Banks estimate the above price changes, along with an expected increase in volume, will result in an overall 1.3 percent average price increase for FedACH customers.

The Reserve Banks expect the FedACH Services to return to full cost recovery over the long run and will continue to assess pricing strategies that balance price stability with ongoing investments in technology infrastructure. The Reserve Banks' primary risks to

³² The target fee change is approximately 10 percent rounded to \$5 increments.

³³ To qualify for the discount, a financial institution must have met all of the following criteria in a given month: (1) be charged the minimum monthly fee for forward origination; (2) subscribe to FedLine Web Plus or any higher FedLine access solution; and (3) subscribe to the FedPayments Reporter Service, the FedACH RDFI Alert Service, or the FedACH Risk Origination Monitoring Service.

current projections for the FedACH Services are unanticipated cost overruns associated with continued technology and resiliency investments and lower than projected volumes.

G. Fedwire Funds Service and National Settlement Service — Table 10 shows the 2020 actual, 2021 estimate, and 2022 budgeted cost-recovery performance for the Fedwire Funds Service and the National Settlement Service.

Table 10

Fedwire Funds Service and National Settlement Service Pro Forma Cost and Revenue Performance (dollars in millions)					
YEAR	1 REVENUE	2 TOTAL EXPENSE	3 NET INCOME (ROE) [1-2]	4 TARGETED ROE	5 RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2020 (actual)	144.6	135.0	9.6	2.3	105.3
2021 (estimate)	163.7	153.0	10.7	1.4	106.0
2022 (budget)	175.0	176.1	-1.1	4.3	97.0

1. *2021 Estimate* — The Reserve Banks estimate that the Fedwire Funds Service and the National Settlement Service will recover 106 percent of total expenses and targeted ROE, compared with a budgeted recovery rate of 100.5 percent.

Through June, Fedwire Funds Service online volume was 16.7 percent higher than it was during the same period last year. For full-year 2021, the Reserve Banks estimate that Fedwire Funds Service online volume will increase 18.1 percent from 2020 levels, compared with the 2.4 percent volume decrease that had been budgeted. Through June, the National Settlement Service settlement file volume was 0.9 percent higher than it was during the same period last year, and settlement entry volume was 3.6 percent higher. For the full year, the Reserve Banks estimate that settlement file volume will increase 1.0 percent (compared with a budgeted increase of 0.7 percent) and settlement entry volume will increase 4.3 percent from 2020 levels (compared with a budgeted 0.5 percent increase).

2. *2022 Pricing* — The Reserve Banks expect the Fedwire Funds Service and the National Settlement Service to recover 97.0 percent of total expenses. Revenue is projected to be \$175.0 million, an increase of 6.9 percent from the 2021 estimate. The Reserve Banks

project total expenses to be approximately \$23.1 million higher than 2021 expenses, an increase of 15 percent, primarily reflecting ongoing technology investments, including those associated with Fedwire Funds Service transition to the ISO 20022 messaging format, and higher operating costs.³⁴

The Reserve Banks will increase all three of the gross origination and receipt tiered fees. The tier 1 fee will increase from \$0.84 to \$0.88, the tier 2 fee will increase from \$0.25 to \$0.255, and the tier 3 fee will increase from \$0.165 to \$0.17. In addition, the monthly participation fee will increase from \$95.00 to \$100.00 and the offline send and receive surcharge for the Fedwire Funds Service will increase from \$65.00 to \$70.00. The Reserve Banks estimate the above price changes, along with an expected increase in volume, will result in an overall 7.7 percent average price increase for Fedwire Funds Service customers.

The Reserve Banks will not change National Settlement Service fees for 2022.

The Reserve Banks' primary risk to current projections for these services is an overrun in technology investments and an increase in operating costs. Unanticipated decreases in volume may also negatively impact cost recovery.

H. *Fedwire Securities Service* — Table 11 shows the 2020 actual, 2021 estimate, and 2022 budgeted cost-recovery performance for the Fedwire Securities Service.³⁵

³⁴ In October 2021, the Board announced that the Federal Reserve Banks will adopt the ISO® 20022 message format for the Fedwire® Funds Service. *See* New Message Format for the Fedwire® Funds Service, 86 Fed. Reg. 55600 (Oct. 6, 2021).

³⁵ The Reserve Banks provide transfer services for securities issued by the U.S. Treasury, federal government agencies, government-sponsored enterprises, and certain international institutions. The priced component of this service, reflected in this memorandum, consists of revenues, expenses, and volumes associated with the transfer of all non-Treasury securities. For Treasury securities, the U.S. Treasury assesses fees for the securities transfer component of the service. The Reserve Banks assess a fee for the funds settlement component of a Treasury securities transfer; this component is not treated as a priced service.

Table 11

Fedwire Securities Service Pro Forma Cost and Revenue Performance					
(dollars in millions)					
YEAR	1	2	3	4	5
	REVENUE	TOTAL EXPENSE	NET INCOME (ROE)	TARGETED ROE	RECOVERY RATE AFTER TARGETED ROE
			[1-2]		[1/(2+4)]
2020 (actual)	28.8	28.1	0.7	0.3	101.1
2021 (estimate)	27.6	27.2	0.4	0.3	100.4
2022 (budget)	23.7	24.2	-0.5	0.2	97.2

1. *2021 Estimate* — The Reserve Banks estimate that the Fedwire Securities Service will recover 100.4 percent of total expenses and targeted ROE, compared with a 2021 budgeted recovery rate of 100.9 percent. The Reserve Banks estimate revenue to be \$27.6 million, an increase of 5.7 percent from the 2021 budget.

For full-year 2021, volume for account maintenance is expected to decline from 2020 levels, while volumes for issue maintenance are expected to increase modestly from 2020 levels. Through June, account maintenance volume was 4.7 percent lower than it was during the same period last year. For full-year 2021, the Reserve Banks estimate that account maintenance volume will decline 4.4 percent from 2020 levels, compared with a budgeted decline of 3.4 percent. Through June, the number of agency issues maintained was 0.2 percent higher than it was during the same period last year. For full-year 2021, the Reserve Banks estimate that the number of agency issues maintained will increase 0.5 percent from 2020 levels, compared with a budgeted decline of 3.1 percent.

2. *2022 Pricing* — The Reserve Banks expect the Fedwire Securities Service to recover 97.2 percent of total expenses and targeted ROE in 2022. Revenue is projected to be \$23.7 million, a decrease of 14.1 percent from the 2021 revenue estimate. The Reserve Banks also project that 2022 expenses will decrease by \$3 million from the 2021 estimate, a decrease of 11 percent.

The Reserve Banks project that agency transfer volume will decrease by 25 percent in 2022 from 2021 estimates driven by expectations of a slowdown in refinancing. The volume of accounts maintained are expected to decrease 4.4 percent, consistent with recent trends, and the volume of agency issues maintained is expected to remain relatively flat.

The Reserve Banks will decrease the agency transfer fee from \$0.98 to \$0.77 as part of a strategic transition to more accurately allocate the costs of providing the service and to align fees across security types. Since transfers of agency securities constitute approximately 20 percent of Fedwire Securities Service total volume, the overall impact of fee changes is substantially dependent on the level at which Treasury sets the fees for transfers of Treasuries securities. The Reserve Banks are working with the Treasury to strategically align fees and will continue to do so to ensure that customers are not negatively impacted.

The Reserve Banks' primary risks to current projections for Fedwire Securities Service are lower-than-expected volumes and higher-than-expected costs stemming from technology initiatives related to operational functionality and resiliency.

G. FedLine Solutions — The Reserve Banks charge fees for the electronic connections that financial institutions use to access priced services and allocate the costs and revenues associated with this electronic access to the priced services.³⁶ There are six FedLine channels through which customers can access the Reserve Banks' priced services: FedMail, FedLine Exchange®, FedLine Web, FedLine Advantage®, FedLine Command® and FedLine Direct®.³⁷ The Reserve Banks bundle these channels into eleven FedLine packages, described below, that are supplemented by a number of premium (or à la carte) access and accounting information options. In addition, the Reserve Banks offer FedComplete® packages, which are bundled offerings of FedLine connections and a fixed number of FedACH Services, Fedwire Funds Service, and Check 21-enabled transactions.

Eight attended access packages offer manual access to critical payment and information services via a web-based interface. The FedMail package provides access to basic information services via email, while the two FedLine Exchange packages are designed to provide certain services, such as the E-Payments Routing Directory, to customers that otherwise do not use FedLine for any payment services. Two FedLine Web packages offer online attended access to a range of services, including cash services, FedACH information services, and Check services. Three FedLine Advantage packages expand upon the FedLine

³⁶ FedLine Solutions provide customers with access to Reserve Bank priced services. As such, FedLine costs and revenue are allocated to the Reserve Banks' priced services on an expense ratio basis.

³⁷ FedMail, FedLine Exchange, FedLine Web, FedLine Advantage, FedLine Command, and FedLine Direct are registered trademarks of the Federal Reserve Banks.

Web packages and offer attended access to critical transactional services: FedACH, Fedwire Funds, and Fedwire Securities.

Three unattended access packages are computer-to-computer, Internet Protocol (IP)-based interfaces. The FedLine Command package offers an unattended connection to FedACH as well as to most accounting information services. The two remaining options are FedLine Direct packages, which allow for unattended connections at multiple connection speeds to Check, FedACH, Fedwire Funds, and Fedwire Securities transactional and information services and to most accounting information services.

The Reserve Banks propose to increase the monthly fees for FedMail Fax service from \$150 to \$200, and FedMail Email service from \$40 to \$60. FedMail Fax service is available a la carte for all FedLine Solutions access packages, and FedMail Email service is available a la carte only for FedLine Web or higher packages.³⁸ The Reserve Banks will also align the delivery of all daylight overdraft reports exclusively through the Account Management Information (AMI) application via the FedLine Web® and FedLine Advantage® Solutions, eliminating their availability through the FedMail® Service. The Reserve Banks seek to provide not only highly secure, modern access solutions, but also to enhance the customer experience through access to value-added services not available on legacy technology.

In addition, the Reserve Banks propose to increase the monthly fee for the FedLine Subscribers – Pack of 5 from \$80 to \$100. The proposed price increase is to support FedLine modernization efforts. The Reserve Banks are focused on updating network architecture and supporting processes to deliver greater access and availability, improved resiliency, and increased automation. The Reserve Banks estimate the above price changes will result in a 6.7% average price increase for FedLine customers.

II. ANALYSIS OF COMPETITIVE EFFECT

All operational and legal changes considered by the Board that have a substantial effect on payment system participants are subject to the competitive impact analysis described in the March 1990 policy “The Federal Reserve in the Payments System.”³⁹ Under this policy, the Board assesses whether changes would have a direct and material adverse effect on the

³⁸ In 2018, the Board of Governors approved stopping the onboarding of new subscribers to the FedMail® Fax service effective January 1, 2019.

³⁹ Federal Reserve Regulatory Service (FRRS) 9-1558.

ability of other service providers to compete effectively with the Federal Reserve in providing similar services because of differing legal powers or constraints or because of a dominant market position deriving from such legal differences. If any proposed changes create such an effect, the Board must further evaluate the changes to assess whether the benefits associated with the changes—such as contributions to payment system efficiency, payment system integrity, or other Board objectives—can be achieved while minimizing the adverse effect on competition.

The 2022 fees, fee structures, and changes in service will not have a direct and material adverse effect on the ability of other service providers to compete effectively with the Reserve Banks in providing similar services. The Reserve Banks expect to continue to achieve aggregate long-run cost recovery across all priced services.

III. 2022 Fee Schedules

FEDACH SERVICES 2022 FEE SCHEDULE

EFFECTIVE JANUARY 3, 2022.

BOLD INDICATES CHANGES FROM 2021 PRICES

	Fee
FedACH minimum monthly fee	
Originating depository financial institution (ODFI) ⁴⁰	\$50.00
Receiving depository financial institution (RDFI) ⁴¹	\$40.00
Origination (per item or record)	
Forward or return items	\$0.0035
SameDay Service - forward item ⁴²	\$0.0010 surcharge
Addenda record	\$0.0015
FedLine Web-originated returns and notification of change (NOC)⁴³	\$0.50
Facsimile Exception Return/NOC ⁴⁴	\$45.00
SameDay Exception Return	\$45.00
Automated NOC	\$0.20
Volume discounts (based on monthly billed origination volume) ⁴⁵ per item when origination volume is	
750,001 to 1,500,000 items per month	\$0.0008 discount
more than 1,500,000 items per month	\$0.0010 discount
Volume discounts (based on monthly billed receipt volume) ⁴⁶ per item when receipt volume is	
10,000,001 to 15,000,000 items per month discount	\$0.0002
more than 15,000,000 items per month	\$0.0003 discount
Receipt (per item or record)	
Forward Item	\$0.0035
Return Item	\$0.0075

⁴⁰ Any ODFI incurring less than \$50 for the following fees will be charged a variable amount to reach the minimum: Forward value and non-value item origination fees, and FedGlobal ACH origination surcharges.

⁴¹ Any RDFI not originating forward value and non-value items and incurring less than \$40 in receipt fees will be charged a variable amount to reach the minimum. Any RDFI that originates forward value and nonvalue items incurring less than \$50 in forward value and nonvalue item origination fees will only be charged a variable amount to reach the minimum monthly origination fee.

⁴² This surcharge is assessed on all forward items that qualify for same-day processing and settlement and is incremental to the standard origination item fee.

⁴³ The fee includes the item and addenda fees in addition to the conversion fee.

⁴⁴ The fee includes the item and addenda fees in addition to the conversion fee. Reserve Banks also assess a \$45 fee for every government paper return/NOC they process.

⁴⁵ Origination volumes at these levels qualify for a waterfall discount which includes all FedACH origination items.

⁴⁶ Origination discounts based on monthly billed receipt volume apply only to those items received by FedACH receiving points and are available only to Premium Receivers.

Addenda record \$0.0015

Volume discounts

Non-Premium Receivers⁴⁷ per item when volume is
750,001 to 12,500,000 items per month⁴⁸ \$0.0017 discount
more than 12,500,000 items per month⁴⁹ \$0.0019 discount

Premium Receivers, Level One⁵⁰ per item when volume is
750,001 to 1,500,000 items per month⁴⁸ \$0.0017 discount
1,500,001 to 2,500,000 items per month⁴⁹ \$0.0017 discount
2,500,001 to 12,500,000 items per month⁴⁹ \$0.0018 discount
more than 12,500,000 items per month⁴⁹ \$0.0020 discount

Premium Receivers, Level Two⁵¹ per item when volume is
750,001 to 1,500,000 items per month⁴⁸ \$0.0017 discount
1,500,001 to 2,500,000 items per month⁴⁹ \$0.0017 discount
2,500,001 to 12,500,000 items per month⁴⁹ \$0.0019 discount
more than 12,500,000 items per month⁴⁹ \$0.0021 discount

FedACH Risk[®] Management Services⁵²

Monthly Package Fee (a single fee based on total number of criteria sets)

For up to 5 criteria sets \$35.00
For 6 through 11 criteria sets \$70.00
For 12 through 23 criteria sets \$125.00
For 24 through 47 criteria sets \$150.00
For 48 through 95 criteria sets \$250.00
For 96 through 191 criteria sets \$425.00
For 192 through 383 criteria sets \$675.00
For 384 through 584 criteria sets \$850.00
For more than 584 criteria sets \$1,100.00

Batch/Item Monitoring (based on total monthly volume)

For 1 through 100,000 batches (per batch) \$0.007
For more than 100,000 batches (per batch) \$0.0035

⁴⁷ RDFIs receiving through FedACH less than 90 percent of their FedACH-originated items.

⁴⁸ This per-item discount is a reduction to the standard receipt fees listed in this fee schedule.

⁴⁹ Receipt volumes at these levels qualify for a waterfall discount which includes all FedACH receipt items.

⁵⁰ RDFIs receiving through FedACH at least 90 percent of their FedACH-originated items, but less than 90 percent of all of their ACH items originated through any operator.

⁵¹ RDFIs receiving through FedACH at least 90 percent of all of their ACH items originated through any operator.

⁵² Criteria may be set for both the Origination Monitoring Service and the RDFI Alert Service. Subscribers with no criteria set up will be assessed the \$35 monthly package fee.

Monthly FedPayments Reporter Service

FedPayments Reporter Service monthly package includes the following reports

ACH Received Entries Detail – Customer and Depository Financial Institution	
ACH Return Reason Report – Customer and Depository Financial Institution	
ACH Originated Entries Detail – Customer and Depository Financial Institution	
ACH Volume Summary by SEC Code – Customer	
ACH Customer Transaction Activity	
ACH Death Notification	
ACH International (IAT)	
ACH Notification of Change	
ACH Payment Data Information File	
ACH Remittance Advice Detail	
ACH Remittance Advice Summary	
ACH Return Item Report and File	
ACH Return Ratio	
ACH Social Security Beneficiary	
ACH Originator Setup	
ACH Report Delivery via FedLine Solution	
On Demand Report Surcharge ⁵³	\$1.00

Monthly Package Fee (counts reflect reports generated as well as delivered via a FedLine Solution)

For up to 50 reports	\$45.00
For 51 through 150 reports	\$65.00
For 151 through 500 reports	\$120.00
For 501 through 1,000 reports	\$220.00
For 1,001 through 1,500 reports	\$320.00
For 1,501 through 2,500 reports	\$505.00
For 2,501 through 3,500 reports	\$705.00
For 3,501 through 4,500 reports	\$900.00
For 4,501 through 5,500 reports	\$1095.00
For 5,501 through 7,000 reports	\$1,350.00
For 7,001 through 8,500 reports	\$1,585.00
For 8,501 through 10,000 reports	\$1,815.00
For more than 10,000 reports	\$1,980.00

Premier reports (per report generated)⁵³

ACH Volume Summary by SEC Code Report - Depository Financial Institution

⁵³ Premier reports generated on demand are subject to the package/tiered fees plus a surcharge.

For 1 through 5 reports	\$10.00
For 6 through 10 reports	\$6.00
For 11 or more reports	\$1.00
On Demand Surcharge	\$1.00
ACH Routing Number Activity Report	
For 1 through 5 reports	\$10.00
For 6 through 10 reports	\$6.00
For 11 or more reports	\$1.00
On Demand Surcharge	\$1.00
ACH Originated Batch Report (monthly)	
For 1 through 5 reports	\$10.00
For 6 through 10 reports	\$6.00
For 11 or more reports	\$1.00
On Demand Surcharge	\$1.00
ACH Originated Batch Report (daily)	
Scheduled Report	\$0.65
On Demand Surcharge	\$1.00
On-us inclusion	
Participation (monthly fee per RTN)	\$10.00
Per-item	\$0.0030
Per-addenda	\$0.0015
Report delivery via encrypted email (per email)	\$0.20
Other Fees and Discounts	
Monthly fee (per RTN)	
FedACH Participation Fee ⁵⁴	\$65.00
SameDay Service Origination Participation Fee ⁵⁵	\$10.00
FedACH Settlement Fee ⁵⁶	\$55.00
FedACH Information File Extract Fee	\$150.00
IAT Output File Sort Fee	\$75.00
Fixed Participation Fee - Automated NOCs ⁵⁷	\$5.00
Non-Electronic Input/Output fee ⁵⁸	
CD/DVD (CD or DVD)	\$50.00
Paper (file or report)	\$50.00

⁵⁴ The fee applies to RTNs that have received or originated FedACH transactions during a month. Institutions that receive only U.S. government transactions or that elect to use a private-sector operator exclusively are not assessed the fee.

⁵⁵ This surcharge is assessed to any RTN that originates at least one item meeting the criteria for same-day processing and settlement in a given month.

⁵⁶ The fee is applied to any RTN with activity during a month, including RTNs of institutions that elect to use a private-sector operator exclusively but also have items routed to or from customers that access the ACH network through FedACH. This fee does not apply to RTNs that use the Reserve Banks for only U.S. government transactions.

⁵⁷ Fee will be assessed only when automated NOCs are generated.

⁵⁸ Limited services are offered in contingency situations.

Fees and Credits Established by Nacha ⁵⁹	
Nacha Same Day Entry fee (per item)	\$0.052
Nacha Same Day Entry credit (per item)	\$0.052 (credit)
Nacha Unauthorized Entry fee (per item)	\$4.50
Nacha Unauthorized Entry credit (per item)	\$4.50 (credit)
Nacha Admin Network fee (monthly fee per RTN)	\$22.00
Nacha Admin Network fee (per entry)	\$0.000185

FedGlobal® ACH Payments⁶⁰

Fixed Monthly Fee (per RTN) ⁶¹	
Monthly origination volume more than 500 items	\$185.00
Monthly origination volume between 161 and 500 items	\$60.00
Monthly origination volume less than 161 items	\$20.00

Per-item Origination Fee for Monthly Volume more than 500 Items (surcharge) ⁶²	
Canada service	\$0.50
Mexico service	\$0.55
Panama service	\$0.60
Europe service	\$1.13

Per-item Origination Fee for Monthly Volume between 161 and 500 items (surcharge) ⁶²	
Canada service	\$0.75
Mexico service	\$0.80
Panama service	\$0.85
Europe service	\$1.38

Per-item Origination Fee for Monthly Volume less than 161 items (surcharge) ⁶²	
Canada service	\$1.00
Mexico service	\$1.05
Panama service	\$1.10
Europe service	\$1.63

Other FedGlobal ACH Payments Fees

Canada service	
Return received from Canada ⁶³	\$0.99 (surcharge)
Trace of item at receiving gateway	\$5.50
Trace of item not at receiving gateway	\$7.00

⁵⁹ The fees and credits listed are collected from the ODFI and credited to Nacha (admin network) or to the RDFI (same-day entry and unauthorized entry) in accordance with the *ACH Rules*.

⁶⁰ The international fees and surcharges vary from country to country as these are negotiated with each international gateway operator.

⁶¹ A single monthly fee based on total FedGlobal ACH Payments origination volume.

⁶² This per-item surcharge is in addition to the standard domestic origination fees listed in this fee schedule.

⁶³ This per-item surcharge is in addition to the standard domestic receipt fees listed in this fee schedule.

Mexico service	
Return received from Mexico ⁶³	\$0.91 (surcharge)
Item trace	\$13.50
Foreign currency to foreign currency (F3X) item originated to Mexico ⁶²	\$0.67 (surcharge)
Panama service	
Return received from Panama ⁶³	\$1.00 (surcharge)
Item trace	\$7.00
NOC	\$0.72
Europe service	
F3X item originated to Europe ⁶²	\$1.25 (surcharge)
Return received from Europe ⁶³	\$1.35 (surcharge)
Item trace	\$7.00
Exception Resolution Service	
Fixed Fee per RTN ⁶⁴ (monthly)	
Self-Managed Cases	\$10.00
Agent-Managed Cases	\$10.00
Offline Service Participant	\$60.00
Variable Case Open Monthly Fees per Case (applies to self-managed and agent-managed cases only at the parent RTN) ⁶⁵	
1 – 50 cases	\$1.25
51 – 100 cases	\$1.00
101 – 500 cases	\$0.75
501 – 1,000 cases	\$0.50
1,001 – 5,000 cases	\$0.25
5,001 – 10,000 cases	\$0.20
10,001 – 99,999,999 cases	\$0.10
Offline Service Participant – Case Fees ⁶⁶	
Case Open Fee	\$5.00
Case Response Fee	\$5.00

⁶⁴ Any financial institution that opens at least 1,000 Exception Resolution Service cases in a given month will receive a 50% discount on its Exception Resolution Service fixed fees for that month.

⁶⁵ The per case fees are rolled up to the parent RTN, such that a customer that opens a total of 100 cases per month under two separate RTNs would pay a total of \$112.50 (\$1.25 for the first 50 cases and \$1.00 for the next 50 cases) in addition to the fixed fees.

⁶⁶ A financial institution may enroll in the Service as an offline Service Participant by designating the Reserve Bank to access and use the functionality of the application on behalf of the Offline Participant.

FEDWIRE FUNDS AND NATIONAL SETTLEMENT SERVICES 2022 FEE SCHEDULE

EFFECTIVE JANUARY 3, 2022.
BOLD INDICATES CHANGES FROM 2021 PRICES.

Fedwire Funds Service

	Fee
Monthly Participation Fee	\$100.00
Basic volume-based pre-incentive transfer fee (originations and receipts) – per transfer for	
Tier 1: The first 14,000 transfers per month	\$0.880
Tier 2: Additional transfers up to 90,000 per month	\$0.255
Tier 3: Every transfer over 90,000 per month	\$0.170
Volume-based transfer fee with the incentive discount (originations and receipts) – per eligible transfer for⁶⁷	
Tier 1: The first 14,000 transfers per month	\$0.176
Tier 2: Additional transfers up to 90,000 per month	\$0.051
Tier 3: Every transfer over 90,000 per month	\$0.034
Surcharge for Offline Transfers (Originations and Receipt)	\$70.00
Surcharge for End-of-Day Transfer Originations ⁶⁸	\$0.26
Monthly FedPayments Manager Import/Export fee ⁶⁹	\$50.00
Surcharge for high-value payments:	
> \$10 million	\$0.14
> \$100 million	\$0.36

⁶⁷ The incentive discounts apply to the volume that exceeds 60 percent of a customer's historic benchmark volume. Historic benchmark volume is based on a customer's average daily activity over the previous five calendar years. If a customer has fewer than five full calendar years of previous activity, its historic benchmark volume is based on its daily activity for as many full calendar years of data as are available. If a customer has less than one year of past activity, then the customer qualifies automatically for incentive discounts for the year. The applicable incentive discounts are as follows: \$0.704 for transfers up to 14,000; \$0.204 for transfers 14,001 to 90,000; and \$0.136 for transfers over 90,000.

⁶⁸ This surcharge applies to originators of transfers that are processed by the Reserve Banks after 5:00 p.m. eastern time.

⁶⁹ This fee is charged to any Fedwire Funds participant that originates a transfer message via the FedPayments Manager (FPM) Funds tool and has the import/export processing option setting active at any point during the month.

Surcharge for Payment Notification:	
Origination Surcharge ⁷⁰	\$0.01
Receipt Volume ^{70,71}	N/A
Delivery of Reports – Hard Copy Reports to On-Line Customers	\$50.00
Special Settlement Arrangements (charge per settlement day) ⁷²	\$150.00

National Settlement Service

Basic	
Settlement Entry Fee	\$1.50
Settlement File Fee	\$30.00
Surcharge for Offline File Origination ⁷³	\$45.00
Minimum Monthly Fee ⁷⁴	\$60.00

⁷⁰ Payment Notification and End-of-Day Origination surcharges apply to each Fedwire funds transfer message.

⁷¹ Provided on billing statement for informational purposes only.

⁷² This charge is assessed to settlement arrangements that use the Fedwire Funds Service to affect the settlement of interbank obligations (as opposed to those that use the National Settlement Service). With respect to such special settlement arrangements, other charges may be assessed for each funds transfer into or out of the accounts used in connection with such arrangements.

⁷³ If your organization is a settlement agent, it may be able to use the National Settlement Service offline service if it is experiencing an operational event that prevents the transmission of settlement files via its electronic connection to the Federal Reserve Banks. The Federal Reserve Banks have limited capacity to process offline settlement files. As a result, while the Federal Reserve Banks use best efforts to process offline settlement file submissions, there is no guarantee that an offline settlement file, in particular one that is submitted late in the operating day or that contains a large number of entries, will be accepted for processing. Only those persons identified as authorized individuals on the National Settlement Service 04 Agent Contact Form may submit offline settlement files. For questions related to the National Settlement Service offline service, please contact National Settlement Service Central Support Service Staff (CSSS) at 800-758-9403, or via email at csss.staff@ny.frb.org.

⁷⁴ Any settlement arrangement that accrues less than \$60 during a calendar month will be assessed a variable amount to reach the minimum monthly fee.

**FEDWIRE SECURITIES SERVICE 2022 FEE SCHEDULE
(NON-TREASURY SECURITIES)**

EFFECTIVE JANUARY 3, 2022.
BOLD INDICATES CHANGES FROM 2021 PRICES.

	Fee
Basic Transfer Fee⁷⁵	
Transfer or reversal originated or received	\$0.77
 Surcharge ⁷⁶	
Offline origination & receipt surcharge	\$80.00
 Monthly Maintenance Fees ⁷⁵	
Account maintenance (per account)	\$57.50
Issue maintenance (per issue/per account)	\$0.77
 Claims Adjustment Fee ^{75,77}	\$1.00
 GNMA Serial Note Stripping or Reconstitution Fee ⁷⁸	\$9.00
 Joint Custody Origination Surcharge ^{75,79}	\$46.00
 Delivery of Reports – Hard Copy Reports to On-Line Customers ⁷⁵	\$50.00

⁷⁵ These fees are set by the Federal Reserve Banks.

⁷⁶ This surcharge is set by the Federal Reserve Banks. It is in addition to any basic transfer or reversal fee.

⁷⁷ The Federal Reserve Banks offer an automated claim adjustment process only for Agency mortgage-backed securities.

⁷⁸ This fee is set by and remitted to the Government National Mortgage Association (GNMA).

⁷⁹ The Federal Reserve Banks charge participants a Joint Custody Origination Surcharge for both Agency and Treasury securities.

FEDLINE 2022 FEE SCHEDULE
 EFFECTIVE JANUARY 3, 2022.
BOLD INDICATES CHANGES FROM 2021 PRICES.

	Fee
<i>FedComplete Packages (monthly) ^{80,81}</i>	
FedComplete 100A Plus ⁸²	\$825.00
includes FedLine Advantage Plus package	
FedLine Subscriber – Pack of 5	
7,500 FedForward transactions	
46 FedForward Cash Letter items	
70 FedReturn transactions	
14,000 FedReceipt transactions	
Check monthly participation fee	
35 Fedwire Funds origination transfers	
35 Fedwire Funds receipt transfers	
Fedwire monthly participation fee	
1,000 FedACH origination items	
FedACH monthly minimum fee – Forward Origination	
7,500 FedACH receipt items	
FedACH monthly minimum fee – Receipt	
10 FedACH web-originated return/NOC	
500 FedACH addenda record originated	
1,000 FedACH addenda record received	
100 FedACH SameDay Service – Forward Item Originated	
FedACH Participation Fee	
FedACH settlement fee	
FedACH SameDay Service origination participation fee	
FedComplete 100A Premier	\$900.00
includes FedLine Advantage Premier package	
Volumes included in the FedComplete 100A Plus package	

⁸⁰ FedComplete packages are all-electronic service options that bundle payment services with an access solution for one monthly fee.

⁸¹ FedComplete customers that use the email service would be charged the FedMail Email a la carte fee and for all FedMail-FedLine Exchange Subscriber 5-packs.

⁸² Packages with an “A” include the FedLine Advantage channel, and packages with “C” include the FedLine Command channel.

FedComplete 100C Plus	\$1,375.00
includes FedLine Command Plus package	
Volumes included in the FedComplete 100A Plus package	
FedComplete 200A Plus	\$1,350.00
includes FedLine Advantage Plus package	
FedLine subscriber 5-pack	
25,000 FedForward transactions	
46 FedForward Cash Letter items	
225 FedReturn transactions	
25,000 FedReceipt transactions	
Check monthly participation fee	
100 Fedwire Funds origination transfers	
100 Fedwire Funds receipt transfers	
Fedwire monthly participation fee	
2,000 FedACH origination items	
FedACH monthly minimum fee – Forward Origination	
25,000 FedACH receipt items	
FedACH monthly minimum fee – Receipt	
20 FedACH web-originated return/NOC	
750 FedACH addenda record originated	
1,500 FedACH addenda record received	
200 FedACH SameDay Service – Forward Item Originated	
FedACH Participation Fee	
FedACH settlement fee	
FedACH SameDay Service origination participation fee	
FedComplete 200A Premier	\$1,425.00
includes FedLine Advantage Premier package	
Volumes included in the FedComplete 200A Plus package	
FedComplete 200C Plus	\$1,900.00
includes FedLine Command Plus package	
Volumes included in the FedComplete 200A Plus package	
FedComplete Excess Volume and Receipt Surcharge ⁸³	

⁸³ Per-item surcharges are in addition to the standard fees listed in the applicable priced services fee schedules.

FedForward ⁸⁴	\$0.03700/item
FedReturn	\$0.82000/item
FedReceipt	\$0.00005/item
Fedwire Funds Origination	\$0.88000/item
Fedwire Funds Receipt	\$0.08800/item
FedACH Origination	\$0.00350/item
FedACH Receipt	\$0.00035/item
FedComplete credit adjustment	various
FedComplete debit adjustment	various
<i>FedLine Solutions (monthly)</i>	
FedMail ⁸⁵	\$85.00
includes FedMail access channel	
Check FedFoward, Fed Return and FedReceipt Services	
Check Adjustments	
FedACH Download Advice and Settlement Information	
Fedwire Funds Offline Advices	
Daily Statement of Account (Text)	
Monthly Statement of Service Charges (Text)	
Electronic Cash Difference Advices	
FedLine Exchange ⁸⁵	\$40.00
includes E-Payments Directory (via manual download)	
FedLine Exchange Premier ⁸⁵	\$125.00
includes FedLine Exchange package	
E-Payments Directory (via automated download)	

⁸⁴ FedComplete customers will be charged \$4 for each FedForward cash letter over the monthly package threshold. This activity will appear under billing code 51998 in Service Area 1521 on a month-lagged basis.

⁸⁵ FedMail and FedLine Exchange packages do not include user credentials, which are required to access priced services and certain informational services. Credentials are sold separately in packs of five via the FedMail-FedLine Exchange Subscriber 5-pack.

FedLine Web ⁸⁶	\$110.00
includes FedLine Web access channel	
Services included in the FedLine Exchange package	
Check FedForward, FedReturn and FedReceipt Services	
Check Adjustments	
FedACH Derived Returns and NOCs	
FedACH File, Batch and Item Detail Information	
FedACH Download Advice	
FedACH Settlement Information	
FedACH Customer Profile Information	
FedACH Returns Activity Statistics	
FedACH Risk RDFI Alert Service	
FedACH Risk Returns Reporting Service	
FedACH Exception Resolution Service	
FedCash [®] Services	
FedLine Web Plus ⁸⁶	\$160.00
includes Services included in the FedLine Web package	
FedACH Risk Origination Monitoring Service	
FedACH FedPayments Reporter Service	
Check Large Dollar Return	
Check FedImage Services	
Account Management Information (AMI)	
Daily Statement of Account (PDF, Text)	
Daylight Overdraft Reports	
Monthly Account Services (SCRD) File	
Monthly Statement of Service Charges (PDF, Text)	
E-Payments Routing Directory (via automated download)	
FedLine Advantage ⁸⁶	\$415.00
includes FedLine Advantage access channel	
One VPN device	
Services included in the FedLine Web package	
FedACH File Transmission To/From Federal Reserve	
FedACH Request Output File Delivery	

⁸⁶ FedLine Web and Advantage packages do not include user credentials, which are required to access priced services and certain informational services. Credentials are sold separately in packs of five via the FedLine Subscriber 5-pack.

FedACH View File Transmission and Processing Status
 Fedwire Originate and Receive Funds Transfer
 Fedwire Originate and Receive Securities Transfer
 National Settlement Service Services
 Check Large Dollar Return
 Check FedImage Services
 Account Management Information with Intra-Day Download Search File
 Daily Statement of Account (PDF, Text)
 Daylight Overdraft Reports
 Monthly Account Services (SCRD) File
 Monthly Statement of Service Charges (PDF, Text)

FedLine Advantage Plus⁸⁶ \$460.00

includes Services included in the FedLine Advantage package
 One VPN device
 FedACH Risk Origination Monitoring Service
 FedACH FedPayments Reporter Service
 Fedwire Funds FedPayments Manager Import/Export (less than or equal to 250
 Fedwire transactions and one routing number per month)
 FedTransaction Analyzer[®] (less than 250 or equal to Fedwire transactions and
 one routing number per month)
 E-Payments Routing Directory (via automated download)

FedLine Advantage Premier⁸⁶ \$570.00

includes FedLine Advantage Plus package
 Two VPN devices
 Fedwire Funds FedPayments Manager Import/Export (more than 250 Fedwire
 transactions or more than one routing number in a given month)
 FedTransaction Analyzer (more than 250 Fedwire transactions or more than
 one routing number per month)

FedLine Command Plus \$1,035.00

includes FedLine Command access channel
 Services included in the FedLine Advantage Plus package
 One VPN device
 Additional FedLine Command server certificates
 Fedwire Statement Services

Fedwire Funds FedPayments Manager Import/Export (more than 250 Fedwire transactions or more than one routing number in a given month)
 FedTransaction Analyzer (more than 250 Fedwire transactions or more than one routing number in a given month)
 Intra-Day File with Transaction Details (up to six times daily)
 Statement of Account Spreadsheet File (SASF)
 Financial Institution Reconciliation Data (FIRD) File (machine readable)

FedLine Direct Plus ⁸⁷	\$5,500.00
includes FedLine Direct access channel	
Services included in the FedLine Command Plus package	
One VPN device	
One 2 Mbps Dedicated WAN Connection	
Additional FedLine Direct server certificates	
Treasury Check Information System (TCIS)	
Dual Vendors	
FedLine Direct Contingency Solution	

FedLine Direct Premier ⁸⁷	\$10,500.00
includes Services included in the FedLine Direct Plus package	
Two 2 Mbps dedicated WAN Connections	
One Network Diversity	
Two VPN devices	

*A la carte options (monthly)*⁸⁸

Electronic Access	
FedMail - FedLine Exchange Subscribers – Pack of 5	\$15.00
FedLine Subscribers – Pack of 5 (access to Web and Advantage)	\$100.00
Additional VPNs ⁸⁹	\$100.00
Additional 2 Mbps WAN connection ⁸⁷	\$3,000.00

WAN Connection Upgrade

⁸⁷ Early termination fees and/or expedited order fees may apply to all FedLine Direct packages and FedLine Direct a la carte options.

⁸⁸ These add-on services can be purchased only with a FedLine Solution.

⁸⁹ Additional VPNs are available for FedLine Advantage, FedLine Command, and FedLine Direct packages only.

10 Mbps ⁹⁰	\$1,700.00
30 Mbps ⁹⁰	\$3,000.00
50 Mbps ⁹⁰	\$4,000.00
100 Mbps ⁹⁰	\$7,000.00
200 Mbps ⁹⁰	\$11,000.00
FedLine International Setup (one-time fee)	\$5,000.00
FedLine Custom Implementation Fee (one-time fee) ⁹¹	various
Network Diversity	\$2,500.00
FedMail Email (for customers with FedLine Web and above) ⁹²	\$60.00
FedMail Fax ⁹³	\$200.00
VPN Device Modification (one-time fee)	\$200.00
VPN Device Missed Activation Appointment (one-time fee)	\$175.00
VPN Device Expedited Hardware Surcharge (one-time fee)	\$100.00
VPN Device Replacement or Move (one-time fee)	\$300.00
E-Payments Automated Download (1-5 Add'l Codes) ⁹⁴	\$75.00
E-Payments Automated Download (6-20 Add'l Codes) ⁹⁴	\$150.00
E-Payments Automated Download (21-50 Add'l Codes) ⁹⁴	\$300.00
E-Payments Automated Download (51-100 Add'l Codes) ⁹⁴	\$500.00
E-Payments Automated Download (101-250 Add'l Codes) ⁹⁴	\$1,000.00
E-Payments Automated Download (>250 Add'l Codes) ⁹⁴	\$2,000.00
Accounting Information Services (monthly)	
Cash Management System (CMS) Plus – Own report – up to 12 files with ⁹⁵	
no OSRTN, respondent/sub-account activity	\$60.00
less than 10 OSRTNs, respondents and/or sub-accounts	\$125.00
10-50 OSRTNs, respondents and/or sub-accounts	\$250.00
51-100 OSRTNs, respondents and/or sub-accounts	\$500.00
101-500 OSRTNs, respondents and/or sub-accounts	\$750.00
>500 OSRTNs, respondents and/or sub-accounts	\$1,000.00
End-of-Day Financial Institution Reconciliation Data (FIRD) File ⁹⁶	\$150.00

⁹⁰ Fee is in addition to the FedLine Direct package fees or additional 2Mbps WAN fees.

⁹¹ The FedLine Custom Implementation Fee is \$2,500 or \$5,000 based on the complexity of the setup.

⁹² Available only to customers with a priced FedLine package.

⁹³ Limited to installed base only.

⁹⁴ Five download codes are included at no cost in all Plus and Premier packages

⁹⁵ Cash Management Service options are limited to Plus and Premier packages.

⁹⁶ The End of Day Financial Institution Reconciliation Data (FIRD) File option is available for FedLine Web Plus, FedLine Advantage Plus, and Premier packages. It is available for no extra fee in FedLine Command Plus and Direct packages.

Statement of Account Spreadsheet File (SASF) ⁹⁷	\$150.00
Intra-day Download Search Results in Spreadsheet Format (with AMI) ⁹⁸	\$150.00

Other

Software Certification	\$0.00 to \$8,000.00
Vendor Pass-Through Fee	various
Electronic Access Credit Adjustment	various
Electronic Access Debit Adjustment	various

-END-

By order of the Board of Governors of the Federal Reserve System.

Ann Misback,
Secretary of the Board.

⁹⁷ The Statement of Account Spreadsheet File (SASF) option is available for FedLine Web Plus, FedLine Advantage Plus, and Premier packages. It is available for no extra fee in FedLine Command Plus and Direct packages.

⁹⁸ The Intra-day Download Search Results in Spreadsheet Format option is available for the FedLine Web Plus package. It is available for no extra fee in FedLine Advantage and higher packages.