

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

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**Date:** August 21, 2025

**To:** Board of Governors

**From:** Staff<sup>1</sup>

**Subject:** Expansion of Fedwire® Funds Service and National Settlement Service (NSS) Operating Hours

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### ACTION REQUESTED

Staff requests approval to publish the attached *Federal Register* notice (FRN), in which the Board will announce that the Federal Reserve Banks (Reserve Banks) will expand the operating hours of the Fedwire® Funds Service to 22 hours per day, 6 days per week, operating Sunday through Friday, including weekday holidays (22x6), and will correspondingly expand the operating hours of NSS, with NSS closing 30 minutes earlier than the Fedwire Funds Service. In summary, the FRN expands operating hours for the Fedwire Funds Service and NSS to include Sundays and weekday holidays. The FRN announces that the Reserve Banks are expected to implement this expansion in 2028 or 2029 to ensure technological, operational, and industry readiness. The FRN further states that (1) the expansion to 22x6 operating hours serves as an interim step and provides the necessary foundational capability for the Reserve Banks to expand operating hours up to 22x7x365 in the future; (2) the Board will monitor industry demand and will stand ready to offer an additional expansion up to 22x7x365 no sooner than two years after the Reserve Banks implement 22x6 operations; and (3) if the Board does propose to expand operating hours beyond 22x6, it will seek public comment in a separate proposal. The FRN states that participation in Fedwire Funds Service and NSS operating hours will continue to be optional. Finally, the FRN announces that the Federal Reserve is exploring whether to expand discount window operating days in connection with the expansion of the Fedwire Funds Service, and that the Federal Reserve plans to conduct additional outreach to ensure it fully understands the considerations for institutions of various sizes related to expanded discount window

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operations. In addition to approval of the attached FRN, staff requests the authority to make technical, non-substantive changes to the FRN prior to publication.

## **BACKGROUND**

The Federal Reserve Banks operate two large-value payment services: the Fedwire Funds Service and NSS. The Fedwire Funds Service is a real-time gross settlement (RTGS) service that allows participating financial institutions (participants) to send and receive individual electronic funds transfers up to one penny less than \$10 billion in value that are immediate, final, and irrevocable. NSS is a multilateral settlement service that allows for immediate, final, and irrevocable settlement of obligations that arise from private-sector clearing arrangements, such as check clearinghouses, a private-sector ACH network, and securities settlement systems.

In May 2024, the Board published a request for comment on a proposal (the 2024 Notice) to expand the operating hours of the Fedwire Funds Service and NSS to 22 hours per day, 7 days per week, every day of the year (22x7x365).<sup>2</sup> Currently, the Fedwire Funds Service is open from 9:00 p.m. ET of the preceding calendar day to 7:00 p.m. ET, five days per week, Monday through Friday excluding holidays observed by the Reserve Banks, and NSS is open from 9:00 p.m. to 6:30 p.m. ET, five days per week, Monday through Friday excluding holidays observed by the Reserve Banks.<sup>3</sup> The 2024 Notice explained the potential benefits, costs, risks, and other considerations related to 22x7x365 operations, including how expanded hours might improve the safety and efficiency of both domestic and global large-value U.S. dollar payments, spur new or enhanced private-sector payment solutions, and increase the available time for settlement of large-value consumer and business payments in central bank money.

The Board received 145 comment letters from a wide variety of stakeholders in the U.S. payment system in response to the 2024 Notice. Certain commenter segments expressed clear preferences on the proposal to expand operating hours to 22x7x365 based on their particular

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<sup>2</sup> 89 FR 39613 (May 9, 2024).

<sup>3</sup> The Federal Reserve has historically provided at least 30 minutes between the close of NSS and the close of the Fedwire Funds Service, recognizing that the Fedwire Funds Service is the primary alternative for orderly and efficient settlement of bilateral obligations in case a settlement arrangement is unable to complete its multilateral settlement through NSS.

needs and circumstances in the payment system. Most notably, a large majority of respondents from large banks, financial market utilities, service providers, fintech organizations, and related trade organizations supported the proposal. On the other hand, a large majority of small to midsize banks, related trade organizations, and individuals did not support the proposal, noting that in their view the costs and challenges related to staffing, operational changes, and competitive pressure from large banks, among other considerations, would outweigh the benefits from the proposal. In addition, many commenters expressed concern that expanding NSS hours could prompt private-sector ACH and check networks to expand processing days and settlement windows, potentially compelling their participants to operate on weekends. Further, a number of commenters from large banks, trade associations representing a range of bank sizes and capital markets participants, financial market utilities, and private-sector operators of payment systems, recommended that the Federal Reserve extend discount window operations to support liquidity needs during expanded hours. As discussed below and in greater detail in the FRN, staff's recommendation on Fedwire Funds Service and NSS operating hours is intended to address the range of feedback in the public comments.

## DISCUSSION

### *1. Recommended action*

Staff recommends that the Board approve the FRN's announcement to expand the operating hours of the Fedwire Funds Service to 22x6 and to correspondingly expand the operating hours of NSS. The table below summarizes the recommended changes to operating hours for the Fedwire Funds Service and NSS, which would expand operating hours to include Sundays and weekday holidays.

	<i>Current operating hours</i>	<i>New operating hours</i>
<i>Fedwire Funds Service</i> <sup>4</sup>	9:00 p.m. ET – 7:00 p.m. ET, Monday – Friday, excluding holidays	9:00 p.m. ET – 7:00 p.m. ET, Sunday – Friday, including weekday holidays
<i>NSS</i> <sup>5</sup>	9:00 p.m. ET – 6:30 p.m. ET, Monday – Friday, excluding holidays	9:00 p.m. ET – 6:30 p.m. ET, Sunday – Friday, including weekday holidays

Staff recommends the Federal Reserve implement 22x6 operating hours in 2028 or 2029, with a specific time frame for launch to be determined based on participant readiness and outreach through established Reserve Bank communication channels. This time frame is consistent with requests from most commenters for a minimum two-year period to prepare for expanded hours following publication of this notice.

The recommended action in the FRN includes additional announcements to explain the Board's overall approach to expanding operating hours for the Fedwire Funds Service and NSS. Specifically, the FRN states that the expansion to 22x6 operating hours serves as an interim step, providing the operational capability for the Reserve Banks to expand operating hours up to 22x7x365 no sooner than two years after the Reserve Banks implement 22x6 operations. The FRN further states that the Board will continue to monitor industry demand, and if the Board decides to propose an expansion of operating hours beyond 22x6, it will seek public comment in a separate proposal.

## *2. Rationale for recommendation*

The Federal Reserve has expanded operating hours for the Fedwire Funds Service and NSS over time in response to changing market conditions and industry demand. After considering public comments on the 2024 Notice, staff believes that an expansion of operating hours to 22x6 would provide clear public benefits and advance the Federal Reserve's objective to foster a safe

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<sup>4</sup> The Fedwire Funds Service begins processing online payment orders beginning at 9:00 p.m. ET on the preceding calendar day (that is, following the expansion to 22x6 operations, on a weekly basis the Fedwire Funds Service will begin processing online payment orders at 9 p.m. ET on Saturdays, the opening time for Sunday operating hours). The Fedwire Funds Service begins processing online nonvalue messages at 8:35 p.m. ET on the preceding calendar day. The cutoff time for special account messages is 5:00 p.m. ET, the cutoff time for customer messages is 6:45 p.m. ET, and the cutoff time for bank messages is 7:00 p.m. ET. The Fedwire Funds Service closes at 7:00 p.m. ET.

<sup>5</sup> The file processing window for NSS begins at 9:00 p.m. ET on the preceding calendar day and closes at 6:30 p.m. ET.

and efficient U.S. payment system. In particular, 22x6 operations will provide opportunities for more frequent settlement in central bank money that could enhance safety and efficiency in a range of payments, including cross-border U.S. dollar payments, large-value corporate payments, and funding payments for private-sector payment systems and market participants. Further, the potential safety and efficiency benefits of 22x6 operations could enable enhanced and innovative services in the private sector over time. For example, private-sector payment systems and participants may leverage an enhanced foundation for large-value settlement to support expanded trading days or enhanced payment services, providing additional benefits to the broader economy. Additionally, staff believes that expanding the hours of the Fedwire Funds Service would support the role of the U.S. dollar as the preferred currency for global settlement by expanding the foundational infrastructure on which global U.S. dollar settlement relies.

Staff believes that expanding operating hours to include Sundays and weekday holidays will achieve a substantial amount of the benefits of 22x7x365 operating hours, while balancing the requests of many commenters for a phased expansion that maintains significant periods of downtime. Staff notes that initial demand for expanded operating hours for the Fedwire Funds Service, particularly with respect to cross-border payments, is most evident on Sundays and weekday holidays when international markets and other jurisdictions' large-value RTGS systems are operating. In addition, staff believes that maintaining 26 hours of weekend downtime from the 7:00 p.m. ET close of the Fedwire Funds Service on Friday to a new opening time at 9:00 p.m. ET on Saturday would benefit institutions of various sizes that said weekend downtime facilitates regular system maintenance and testing, and will help institutions save costs on staffing relative to 22x7x365 operations. Saturday downtime may also provide a helpful pause for financial market stakeholders during potential periods of market stress.

Staff believes that correspondingly expanding hours for NSS will complement expanded hours for the Fedwire Funds Service, providing eligible institutions and private-sector payment, clearing, and settlement services with wider opportunities for real-time gross and multilateral net settlement of large-value payments in central bank money.<sup>6</sup> Further, the Board agrees with commenters that expanded hours for NSS would support resiliency in the payment system

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<sup>6</sup> Expanding the operating hours of NSS is consistent with a goal of the Federal Reserve's 2015 paper "Strategies for Improving the U.S. Payment System," which noted that expanded hours for NSS could improve the settlement speed of and support innovation in private-sector arrangements.

because private-sector services are able to use NSS as a backup to the Fedwire Funds Service in contingency scenarios.

Finally, staff's analysis determined that the Reserve Banks would be able to achieve full recovery of costs over the long run associated with the proposed 22x6 expanded operating hours. Consistent with Board policy, staff believes that no other provider alone could be expected to provide this service with reasonable effectiveness, scope, and equity.

### *3. Implementation details and considerations*

In addition to providing a general explanation of the Board's decision and approach to implementing 22x6 operating hours for the Fedwire Funds Service and NSS, the attached FRN discusses other implementation considerations in relation to public comments, including considerations related to the opt-in model for these services; availability of the discount window; other potential enhancements to the Fedwire Funds Service and NSS; and the Fedwire Securities Service.

*Opt-in model.* As explained in the FRN, participation in Fedwire Funds Service and NSS operating hours would continue to be optional. Opt-in availability allows institutions to participate in some, but not all, of the business day for the Fedwire Funds Service and NSS. During hours that the institution does not participate in the Fedwire Funds Service or NSS, the institution will not process transactions. Staff believes that maintaining the opt-in model for expanded hours will help participants avoid costs and challenges associated with operating during nights, weekends, and holidays.

Staff acknowledges comments and concerns from a number of small institutions and related trade organizations that participation may not be optional in practice due to market factors, with the most notable reason being that private-sector ACH and check arrangements that use NSS could expand processing days and settlement windows to the weekend and require their participants to participate under the terms of those arrangements. To address this concern, the FRN clarifies that the Federal Reserve has no current plans to seek expanded processing hours for Federal Reserve ACH and check services.<sup>7</sup> Further, the FRN notes that the Board would likely need to seek public comment before committing to any additional same-day or weekend ACH

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<sup>7</sup> In addition, the FRN notes that changes to ACH processing days would be subject to the Nacha rulemaking process. Nacha governs the automated clearinghouse network through its rules and standards. See About Us | Nacha - Administrator of the ACH Network, <https://www.nacha.org/content/about-us>.

processing windows, which would have a significant longer-run effect on the payment system.<sup>8</sup>

*Availability of the discount window.* The 2024 Notice sought comment on the need for discount window operations to support expanded hours for the Fedwire Funds Service and NSS. Commenters recommended that the Federal Reserve extend discount window operations to include weekends and holidays, and several indicated that the discount window's operating hours should be fully aligned with the Fedwire Funds Service and NSS hours to support liquidity management. Staff recognizes that, particularly given the large transaction-value limits on Fedwire Funds Service and NSS, it is important that adequate liquidity sources are available on days that the Fedwire Funds Service is operational. As a result, and recognizing the comments received on this topic, the FRN notes that the Federal Reserve is exploring expanding discount window operating days in connection with the expansion of the Fedwire Funds Service. As part of this exploration, the FRN explains that the Federal Reserve plans to conduct additional outreach to ensure it fully understands the considerations for institutions of various sizes related to expanded discount window operations.

*Other enhancements.* In the 2024 Notice, the Board asked commenters whether other service enhancements would be beneficial in the context of expanded hours. The most requested enhancement was for a participant directory that would identify which Fedwire Funds Service participants are active during expanded hours. These commenters noted that such a directory could support more efficient payment flows and help prevent trapped liquidity in the network of Fedwire Funds Service and NSS participants. In consideration of these comments, the FRN notes that the Federal Reserve intends to consider developing a participant directory, and the Reserve Banks will engage with participants to solicit feedback on whether and how to implement such a directory.

*Fedwire Securities Service.* A small number of comments on the 2024 Notice asked for the operating hours of the Fedwire Securities Service to be extended alongside the hours of the Fedwire Funds Service and NSS, while other commenters agreed that the Board properly excluded the Fedwire Securities Service from its proposal. Staff recommends that the Board not

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<sup>8</sup> See, e.g., Letter from Matthew Eichner, Dir., Bd. of Gov'rs of the Fed. Rsrv. Sys., to Jane Larimer, Pres. and CEO, NACHA – The Electronics Payments Association, (Dec. 1, 2024), <https://www.federalreserve.gov/paymentsystems/files/board-staff-comment-letter-to-nacha-2024-12-13.pdf>. (noting that the Board would likely need to seek public comment before adding more same-day ACH processing windows).

consider expanding operating hours for the Fedwire Securities Service at this time.<sup>9</sup> The FRN notes that the Board will continue to monitor potential demand and seek feedback from institutions to determine whether to pursue a future expansion of Fedwire Securities Service operating hours.

## **RECOMMENDATION**

Based on the foregoing, staff recommends that the Board approve the attached FRN for publication in the *Federal Register*. Staff also recommends that the Board delegate to staff the authority to make technical, non-substantive changes to the attached materials to prepare them for publication in the *Federal Register*.

### Attachment

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<sup>9</sup> Staff continues to believe that the expansion of Fedwire Funds Service and NSS operating hours will not create significant changes in secured lending, derivatives markets, or other market activity that would necessitate expanded operating hours for the Fedwire Securities Service in the near term.