

June 25, 2024

Ms. Ann Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

By E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

**Re:** Expansion of Fedwire Funds Service and National Settlement Service Operating Hours- Notice of Proposed Rulemaking Docket No. OP-1831

Dear Ms. Misback:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 19,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned proposed regulations.

The NYSSCPA's Banking Committee deliberated the proposed regulations and prepared the attached comments. If you would like additional discussion with us, please contact Jeffrey Abramczyk, Chair of the Banking Committee, at 732-536-7921, or Keith Lazarus, NYSSCPA staff, at 212-719-8378.

Sincerely,

NYSSCPA

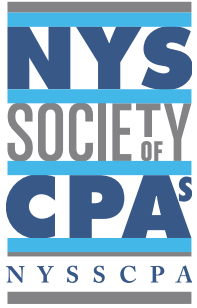
A handwritten signature in black ink, appearing to read "Kevin O'Leary", written over a horizontal line.

NYSSCPA

Kevin O'Leary

President

Attachment



**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**EXPANSION OF FEDWIRE FUNDS SERVICE AND NATIONAL SETTLEMENT  
SERVICE OPERATING HOURS - NOTICE OF PROPOSED RULEMAKING DOCKET  
NO. OP-1831**

**June 25, 2024**

**Principal Drafters**

**Jeffrey Abramczyk  
Matthew Clohessy  
Jo Ann Golden**

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## **NYSSCPA Staff**

Keith N. Lazarus

## **New York State Society of Certified Public Accountants**

### **Comments on**

### **Expansion of Fedwire Funds Service and National Settlement Service Operating Hours - Notice of Proposed Rulemaking Docket No. OP-1831**

The NYSSCPA Banking Committee thanks the Federal Reserve for the opportunity to provide commentary on this proposed rulemaking.

#### **NYSSCPA General Comments**

Overall, the NYSSCPA agrees with the initiatives of the Federal Reserve System to enhance the banking system's infrastructure to support the evolving needs of the US and global economies access to US funds. Expanding the hours of operation will have benefits to the US financial services infrastructure, but may create additional operational risks that will necessitate the implementation of enhanced risk management and control practices by the participating financial institutions.

These general comments are expanded upon within the relevant areas of the specific comments section below.

#### **NYSSCPA Specific Comments**

1. What are the primary benefits to the banking industry, financial markets, and broader economy from an expansion to 22x7x365 Fedwire Funds Service (Fedwire) and National Settlement Service (NSS) operating hours? What are the primary benefits to your institution?

Expanded operating hours will foster the growth of both domestic and international trade. Longer operating hours will eliminate some of the challenges posed by time zone differences in conducting wire transactions or completing transactions after the current processing windows of the Fedwire and NSS. This will also promote greater safety and soundness to the federal banking system as transactions that need to be completed in the expanded operational hours can be processed through the Federal Banking System instead of through alternative payment service providers.

8. What costs and risks would arise for the banking industry, financial markets, and broader economy from an expansion to 22x7x365 of Fedwire Funds Service and NSS operating hours? What are the costs and risks to your institution? What is the estimated incremental cost on a percentage basis to support 22x7x365 operating hours for the Fedwire Funds Service and NSS? What are the implications for competitiveness?

Several of the risks associated with the expanded operating hours pertain to the need to expand personnel and implement additional risk management and technology controls in line with the expanded hours of operation. Key controls that are established to ensure that fraudulent transactions are not executed, commonly include activities such as account reviews and callbacks, which are dependent upon bank personnel that are aligned with the day-to-day management of a customer's relationship. Extending the window of operations beyond common business days and hours will create complexities in ensuring individuals closely aligned with and most familiar with a customer relationship and their transactional behaviors are involved in reviewing and confirming customer transactions.

Furthermore, financial institutions may be confronted with additional costs associated with staffing both front office and back office operational processing personnel, as well as the need to expand the use of fraud and compliance risk mitigation practices that monitors customer transactions during the expanded hours.

15. Please describe any other consideration that you believe should be taken into account as the Board contemplates expansion of operating hours for the Fedwire Funds Service and NSS.

One additional area that will require assessment by the financial institutions is the potential accounting and loan system impacts of the expanded hours of operation. End-of-day processing is commonly executed in batches after the close of business, which would require assessment and potential technology adjustments to properly account for transactions that process outside of core business hours.