will be the Reserve Bank where the head office of the bank is located.

In the case of families of U.S. branches and agencies of the same foreign banking organization, the administrative Reserve Bank generally is the Reserve Bank that exercises the Federal Reserve's oversight responsibilities under the International Banking Act.[102] The administrative Reserve Bank, in consultation with the management of the foreign bank's U.S. operations and with Reserve Banks in whose territory other U.S. agencies or branches of the same foreign bank are located, may determine that these agencies and branches will not be permitted to incur overdrafts in Federal Reserve accounts. Alternatively, the administrative Reserve Bank, after similar consultation, may allocate all or part of the foreign family's net debit cap to the Federal Reserve accounts of agencies or branches that are located outside of the administrative Reserve Bank's District; in this case, the Reserve Bank in whose Districts those agencies or branches are located will be responsible for administering all or part of the collateral requirement.[103]

H. Transfer-Size Limit on Book-Entry Securities [No change]

By order of the Board of Governors of the Federal Reserve System, February 28, 2008.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. 08–971 Filed 3–6–08; 8:45 am]

BILLING CODE 6210–01–P

[102] 12 U.S.C. 3101–3108.

[103] As in the case of Edge and agreement corporations and their branches, with the approval of the designated administrative Reserve Bank, a second Reserve Bank may assume the responsibility of managing and monitoring the net debit cap of particular foreign branch and agency families. This would often be the case when the payments activity and national administrative office of the foreign branch and agency family is located in one District, while the oversight responsibility under the International Banking Act is in another District. If a second Reserve Bank assumes management responsibility, monitoring data will be forwarded to the designated administrator for use in the supervisory process.

FEDERAL RESERVE SYSTEM

[Docket No. OP–1310]

Policy on Payments System Risk; Daylight Overdraft Posting Rules

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Policy statement; Request for comments.

SUMMARY: Commercial and government automated clearinghouse (ACH) credit transfers processed by the Federal Reserve Banks' (Reserve Banks) FedACH service are currently posted at 8:30 a.m., while commercial and government ACH debit transfers are posted at 11 a.m.[1] The Board proposes to change the posting time for commercial and government ACH debit transfers that are processed by the Reserve Banks' FedACH service to 8:30 a.m. to coincide with the posting time for commercial and government ACH credit transfers. In line with this change, the Board also intends, in consultation with the U.S. Treasury, to move the posting time for Treasury Tax and Loan (TT&L) investments associated with Electronic Federal Tax Payment System (EFTPS) ACH debit transfers to 8:30 a.m. to maintain the simultaneous posting of ACH transactions and related Treasury transactions.

DATES: Comments must be received on or before June 4, 2008.

ADDRESSES: You may submit comments, identified by Docket No. OP–1310 by any of the following methods:

- *Agency Web site: http://www.federalreserve.gov.* Follow the instructions for submitting comments at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm.*
- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.
- *E-mail: http://regs.comments@federalreserve.gov.* Include the docket number in the subject line of the message.
- *Fax:* (202) 452–3819 or (202) 452–3102.
- *Mail:* Address to Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments will be made available on the Board's Web site at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm* as submitted, unless modified for technical reasons. Accordingly, comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP–500 of the Board's Martin Building (20th and C Streets, NW.) between 9 a.m. and 5 p.m. on weekdays.

FOR FURTHER INFORMATION CONTACT: Jeffrey Marquardt, Deputy Director (202–452–2360) or Susan Foley, Assistant Director (202–452–3596), Division of Reserve Bank Operations and Payment Systems, Board of Governors of the Federal Reserve System; for users of Telecommunications Device for the Deaf (''TDD'') only, contact (202) 263–4869.

[1] The credit and debit accounting entries associated with ACH credit transfers and ACH debit transfers are posted simultaneously at the appointed posting time.

All times are eastern time.

SUPPLEMENTARY INFORMATION:

I. Background

The Board has been reviewing for several years long-term developments in intraday liquidity and risk management in financial markets and the payments system, including increased use of daylight overdrafts at the Reserve Banks and increased Fedwire funds transfers late in the day. On June 21, 2006, the Board published for public comment the Consultation Paper on Intraday Liquidity Management and the Payments System Risk Policy (consultation paper) that sought information from financial institutions and other interested parties on their experience in managing liquidity, credit, and operational risks related to Fedwire funds transfers, especially late-day transfers.[2] The Board sought comment on possible changes in market practices, operations, and the Federal Reserve's PSR policy that could reduce one or more of these risks.

One commenter on the consultation paper suggested a change in the posting rules for ACH debit transfers to reduce depository institutions' need for intraday liquidity from Reserve Banks.[3] This institution proposed that ACH credit and debit transfers post simultaneously to institutions' Federal Reserve accounts so that only the net amount of funds from daily ACH settlements would increase or decrease balances held in these accounts. The Reserve Banks' Retail Payments Office, which has primary responsibility for the Reserve Banks' FedACH service, has also indicated a preference for the simultaneous posting of ACH credit and debit transfers at 8:30 a.m., the same time as EPN, the other ACH operator. This change would remove competitive disparities between these systems or their participants arising from different settlement times for ACH debit transfers.

In addition to proposing the change to the posting rules for ACH debit transfers, the Board also intends, in consultation with the U.S. Treasury, to move the posting of TT&L investments

[2] See 71 FR 35679, June 21, 2006.

[3] The term ''depository institution,'' as used in this notice, refers not only to institutions defined as depository institutions in 12 U.S.C. 461(b)(1)(A), but also to U.S. branches and agencies of foreign banking organizations, Edge and agreement corporations, trust companies, and bankers' banks, unless the context indicates a different reading.

associated with EFTPS ACH debit transfers to 8:30 a.m. The U.S. Treasury uses TT&L to collect taxes and invest excess Treasury balances with depository institutions, including EFTPS tax payments collected through both ACH credit and debit transfers. For example, the Internal Revenue Service initiates daily, through its agent, ACH debit transfers to collect tax payments due from taxpayers. The tax payments collected in this manner and through ACH credit transfers are credited to the U.S. Treasury's general account at the Reserve Banks. Under the Treasury Investment Program, these tax payments are then invested with predetermined depository institutions through TT&L. The depository institutions that obtain these investments receive a credit to their Federal Reserve accounts for the amount of EFTPS tax payments settled via ACH on a given day if investment capacity exists at the depository institution. The TT&L transactions are currently posted at the same time as their respective ACH credit and debit transfers, at 8:30 a.m. and 11 a.m. The simultaneous posting for the collection and investment of these tax payments is intended to minimize the effect of the daily tax collection on aggregate reserve balances of the banking system. The Board would shift the posting of TT&L investments associated with EFTPS ACH debit transfers to the same time as ACH debit transfers to continue to minimize the effect of fluctuations in government receipts on the intraday reserve balances of the banking industry.

The Board has issued a separate request for comment to address the broader policy changes raised in the consultation paper.[4] The broader policy changes include adopting a policy of supplying intraday balances predominately through *explicitly* collateralized daylight overdrafts to healthy depository institutions at a zero fee. The Board would allow depository institutions to pledge collateral voluntarily to secure daylight overdrafts and would encourage the *voluntary* pledging of collateral to cover daylight overdrafts by raising the fee for uncollateralized daylight overdrafts to 50 basis points (annual rate) from the current 36 basis points. In addition, the Board proposes to change other related policy provisions, including adjusting net debit caps, streamlining maximum daylight overdraft capacity procedures for certain foreign banking organizations, eliminating the current deductible, increasing substantially the fee waiver to $150, and increasing the penalty fee for ineligible institutions to 150 basis points (annual rate) from the current 136 basis points.

The Board believes that the broader proposed PSR policy changes could be implemented approximately two years from the announcement of a final rule. The Board believes, however, that the posting-rule change could be implemented in less than two years and thus has analyzed the change under both the current and proposed PSR policy regimes.

II. Discussion of Possible Changes

The Board proposes to change the posting time for commercial and government ACH debit transfers that are processed by the Reserve Banks' FedACH service from 11 a.m. to 8:30 a.m. to coincide with the posting of commercial and government ACH credit transfers. In line with such a change, the Board also intends, in consultation with the U.S. Treasury, to move the posting of TT&L investments associated with EFTPS ACH debit transfers to 8:30 a.m. to maintain the simultaneous posting of these related transactions.

Posting ACH debit transfers at 8:30 a.m. would

- Increase significantly the liquidity of institutions that originate a large value of ACH debit transfers over the FedACH network [5]
- Increase liquidity for institutions that originate ACH debit transfers over the EPN network but have transfers delivered to receiving depository institutions over the FedACH network (inter-operator transactions);
- Align the Reserve Banks' FedACH settlement times with those of its private-sector competitor; and
- Conform more closely to the Board's guidelines for measuring daylight overdrafts.

For institutions that originate a large value of ACH debit transfers, the liquidity needed to fund the settlement of ACH credit originations at 8:30 a.m. could be largely or entirely offset by the receipt of funds from the settlement of ACH debit transfers also at 8:30 a.m. In particular, the current posting rules require that these institutions obtain funding by 8:30 a.m. for ACH credit transfers that would not be needed if the ACH credit and debit transfers posted simultaneously. In addition, these originating institutions may be able to offer earlier funds availability to their customers from ACH debit transfers, reducing competitive differences among depository institutions because of the later settlement of ACH debit transfers processed by the Reserve Banks' FedACH service. Five percent, or approximately 160, of FedACH participants would benefit from earlier posting of ACH debit transfers as net receivers of funds from ACH debit transfers.[6] For these institutions as a group, the effect of the later posting of ACH debit transfers is significant because the value of institutions' transactions represents approximately 70 percent of the ACH debit transfer value originated over FedACH. In addition, the Reserve Banks' competitor's practice of earlier settlement of ACH debit transfers may provide a more attractive service relative to FedACH's current 11 a.m. settlement of ACH debit transfers.

Beyond benefits to depository institutions that originate a large value of debit transfers over the FedACH network, an earlier posting time for ACH debit transfers would also benefit certain originators of ACH debit transfers over the EPN network. Approximately 45 percent of the volume of debit transfers originated over the EPN network are delivered to receiving depository institutions over FedACH via inter-operator transactions. These inter-operator transactions are posted to the Federal Reserve accounts of the originating and receiving institutions according to the Board's posting rules for the underlying ACH transfers. The posting-rule change would shift the settlement time for inter-operator ACH debit transfers originated through EPN such that all ACH debit transfers would settle at 8:30 a.m. regardless of the operator where the transfer is originated.

The Reserve Banks' Retail Payments Office has indicated a preference for the simultaneous posting of ACH credit and debit transfers at 8:30 a.m. in order to align the settlement time for FedACH with the settlement time for EPN. EPN settles both ACH credit and debit transfers at 8:30 a.m. through the Reserve Banks' National Settlement Service.[7] The Retail Payments Office is

[4] See notice elsewhere in today's **Federal Register**.

[5] Liquidity refers to balances available in Federal Reserve accounts to make payments. An increase in liquidity involves higher account balances, which could result in fewer daylight overdrafts.

[6] All data presented in the notice are from the fourth-quarter 2007 and reflect activity at the master account level. In addition, the data represent the cumulative effect of posting ACH debit transactions and TT&L investments associated with EFTPS ACH debit transactions at 8:30 a.m.

[7] The Reserve Banks' National Settlement Service is a multilateral settlement service offered to depository institutions that settle for participants in clearinghouses, financial exchanges, and other clearing and settlement groups. Settlement agents acting on behalf of those depository institutions electronically submit settlement files to the Reserve Bank. Based on the settlement file, entries are

increasingly concerned that the later posting of ACH debit transfers is or could become a consideration when originating institutions choose an ACH operator. The choice of operators could have significant revenue implications for Reserve Banks considering the recent growth in ACH debit transfers. Available data indicate aggregate ACH debit transfer volume has grown at a 28 percent annualized rate between 2003 and 2006.[8] The Retail Payments Office has already received some feedback that settlement times have affected some customers' decisions in choosing an operator for origination.

Finally, the Board evaluated the requested posting-time change against its principles for measuring daylight overdrafts. In the early 1990s, the Board formulated a set of principles that guided the development of the posting rules to measure daylight overdrafts.

These principles are still relevant:

- The measurement procedures should not provide intraday float to participants.
- The measurement procedures should reflect the time at which payor institutions are obligated to pay for transactions.
- The users of payments services should be able to control their use of intraday credit.
- The Reserve Banks should not obtain any competitive advantage from the measurement procedures.

The posting rules do not currently provide intraday float because the credit and debit accounting entries for ACH credit and debit transfers are posted simultaneously at 8:30 a.m. and 11 a.m., respectively. This principle would be maintained if the posting of ACH debit transfers were made at 8:30 a.m.

The earlier posting at 8:30 a.m. of ACH debit transfers, however, would conform more closely to the second principle, which indicates that posting times should reflect the time at which the payor institution is obligated to pay for the transaction. This principle's purpose is to have the intraday measurement of account balances, and hence, posting times reflect as closely as possible the delivery of payments to the receiving institution. FedACH payments are processed in the early morning hours, usually between 2 and 4 a.m., and payment advices are sent to depository institutions generally by 6 a.m. Posting ACH debit transfers at 8:30 a.m. would shift the settlement time closer to the payment delivery time. The Board did contemplate the benefits and drawbacks of posting ACH credit and debit transfers closer to 6 a.m. but decided a posting earlier than 8:30 a.m. would create additional operating costs and funding burdens for many institutions, especially smaller institutions, and would not be consistent with the practices of the other ACH operator.

The third principle specifies that users of intraday credit should have control over their daylight overdrafts. This principle's intent is to ensure that institutions can actively manage their Federal Reserve accounts to comply with limits and other restrictions related to daylight overdrafts. It is this principle that underpins the current posting time of 11 a.m.

In preparation for charging fees for daylight overdrafts in 1994, the Board requested comment on measuring daylight overdrafts.[9] The Board proposed posting ACH credits at the opening of Fedwire, which at that time was 8:30 a.m. for the Fedwire funds transfer system, and posting ACH debits at 11 a.m. In response to that proposal, 80 percent of commenters opposed the posting time of 11 a.m. for ACH debits and requested a posting at the opening of the Fedwire day for account management and funding purposes. Specifically, commenters complained that an 11 a.m. posting time would delay funds availability to originators of ACH debit transfers. These commenters, however, recognized that while some institutions would benefit from having additional funds from the ACH debit transfers available earlier in the day, other institutions would have fewer funds available.

The effect of the earlier posting time on those that would have fewer funds available influenced the Board in its decision to keep a later posting time for ACH debit transfers. The Board noted that the "receiver of ACH debit transactions cannot predict with certainty the value of transactions that they will receive on certain days. In order to avoid incurring overdrafts, receiving institutions need some time after the opening of Fedwire to obtain funding for payments before their accounts are debited." Since then, the operating day for the Fedwire funds transfer system has been extended to open at 9 p.m. the previous evening. Institutions currently have the operational ability to transfer funds into their accounts as soon as FedACH makes available the settlement amounts associated with the ACH transfers, typically before 6 a.m. As a practical matter, however, few institutions currently use Fedwire services before 8:30 a.m. Thus, the Board recognizes that this proposed change to the posting rules could prompt some depository institutions to maintain higher account balances overnight, incur (greater) daylight overdrafts, or bring staff in earlier to manage their Reserve Bank account balances. As discussed later, up to approximately 170 institutions that are eligible to incur daylight overdrafts could incur higher daylight overdraft fees if funding patterns remained the same, while about 35 institutions that are not eligible to incur daylight overdrafts would need to make arrangements to hold higher account balances overnight or to obtain funding earlier. While the Board has estimated the possible increase in daylight overdraft fees, it is not clear how difficult or costly changing funding patterns would be for these institutions to avoid incurring (additional) daylight overdrafts.

Finally, the Board's fourth principle-that the posting rules should not provide Reserve Banks with a competitive advantage-would be upheld. Shifting the posting of ACH debit transfers to 8:30 a.m. would serve to bring the settlement of ACH debit transfers processed by the Reserve Banks' FedACH service in line with its private-sector competitor and reduce a possible competitive disadvantage to the Reserve Banks.

While the posting-rule change is advantageous for originators of a large value of ACH debit transfers over FedACH, the Board recognizes that the simultaneous posting of ACH debit and credit transfers would reduce, on average, the available balances for the majority of FedACH participants between 8:30 and 10:59 a.m., even considering that some institutions would receive credits to their Federal Reserve accounts from TT&L investments associated with EFTPS ACH debit transfers. As indicated in table 1, approximately 3,100 of the 3,200 FedACH participants currently gain balances from the posting of ACH credit transfers (net receivers of funds).[10] If ACH debit transfers are posted at 8:30 a.m., the number of institutions that gain balances could decrease to approximately 1,500

automatically posted to the depository institutions' Reserve Bank accounts. These entries are final and irrevocable when posted.

[8] See the 2007 Federal Reserve Payments Study at *http://www.frbservices.org/files/communications/pdf/research/2007_payments_study.pdf*, p. 17.

[9] The two requests for comment on measuring daylight overdrafts are 54 FR 26094, June 21, 1989, and 56 FR 3098, January 28, 1991. The final rulemaking is 57 FR 47093, October 14, 1992.

[10] Net receivers of funds refers to institutions that have a net increase in balances because the credit accounting entries exceed the debit accounting entries associated with the ACH credit or debit transfers received and originated.

institutions. While still receiving more funds than they pay out, about 90 percent of these 1,500 institutions could have lower balances in their Federal Reserve accounts between 8:30 a.m. and 10:59 a.m. than under the current posting rules because of funding their ACH debit transfers. In addition, if ACH debit transfers post at 8:30 a.m., approximately 1,700 institutions could need to pay out more than they receive from the ACH credit and debit transfers (net payors of funds).[11]

TABLE 1.—NUMBER OF RECEIVERS AND PAYORS OF FUNDS FOR ACH TRANSFERS (Q4 2007)

	Number of institutions			
	Net receivers of funds	Net payors of funds	Other*	Total
Current posting rules:				
ACH credit transfers at 8:30 a.m	3,100	90	10	3,200
ACH debit transfers at 11 a.m	100	3,000	100	3,200
Proposed change to posting rules:				
Net effect of ACH debit *and* credit transfers at 8:30 a.m	1,500	1,700	0	3,200

*The ''other'' category includes institutions that do not send or receive ACH debit or credit transfers or that originations and receipts, on average, net to zero.

Of the 1,700 payors of funds, the Board estimates that approximately 1,500 could have insufficient Reserve Bank account balances and so could need additional funding or could incur (greater) daylight overdrafts at 8:30 a.m. if ACH debit transfers and TT&L investments associated with EFTPS debit originations posted at 8:30 a.m. The vast majority of these institutions are eligible to incur daylight overdrafts but at least 35 institutions would not be eligible.

For most institutions eligible for daylight overdrafts, the deductible, or the ''free credit'' provided under the current PSR policy, appears adequate to cover the daylight overdrafts associated with the proposed posting-rule change. A small percentage of institutions, however, could incur increased overdraft fees if they funded the earlier posting of ACH debit transfers through daylight overdrafts from the Reserve Banks. Table 2 provides a breakdown of the number of institutions that could pay higher daylight overdraft fees if ACH debit transfers and TT&L investments associated with EFTPS ACH debit transactions posted at 8:30 a.m. under the current PSR policy. The data suggest that about 115 institutions could incur higher fees, although 70 could have increased fees of under $500 a year (less than $20 in a two-week period on average). The majority of institutions that could pay additional fees in excess of $500 a year are largely mid-to-large users of daylight credit.

TABLE 2.—NUMBER OF INSTITUTIONS ELIGIBLE FOR DAYLIGHT CREDIT THAT COULD INCUR INCREASED FEES UNDER THE CURRENT PSR POLICY (Q4 2007)

Average increase in fees (annual)	Small users of intraday credit[12]	Mid-to-large users of intraday credit	Total number of institutions
$0–$500	20	50	70
$500–$1,500	2	15	17
$1,500–$3,000	1	5	6
$3,000–$30,000	2	15	17
$30,000–$150,000	0	5	5
Total	25	90	115

The Board estimates that thirty-five institutions that are ineligible for intraday credit under the PSR policy would need to procure additional funding to avoid incurring daylight overdrafts if ACH debit transfers and TT&L investments associated with EFTPS ACH debit transactions posted at 8:30 a.m. These institutions include bankers' banks and corporate credit unions that retain their Regulation D exemption. On average each of these institutions would need to increase funding in their Reserve Bank accounts before 8:30 a.m. by about $30 million.

Under the proposed changes to the PSR policy, the institutions affected could change based on the amount of collateral pledged by these institutions, the elimination of the deductible, and the increase in the fee waiver to $150. As can be seen in table 3, the Board estimates that if the posting time for ACH debit transfers and TT&L investments associated with EFTPS ACH debit transfers moved to 8:30 a.m. *and* the proposed PSR policy changes were adopted, approximately 170 institutions that are eligible for daylight overdrafts could pay higher fees for intraday credit unless they chose to pledge (additional) collateral to the Reserve Banks.[13] Of these 170 institutions, only 25 are small users of daylight credit.

[11] Net payors of funds refers to institutions that have a net decrease in balances because the debit accounting entries exceed the credit accounting entries associated with the ACH credit or debit transfers received and originated.

[12] ''Small users'' are exempt-cap institutions or institutions with an average daily overdraft of $1 million or less.

[13] The Board has developed a fee calculator to help institutions estimate fees under the proposed PSR policy changes. Institutions could use this calculator to estimate the joint effect of the proposed posting-rules and PSR policy changes. The calculator is located on the Board's website at *https://www.federalreserve.gov/apps/RPFCalc/*.

TABLE 3.—NUMBER OF INSTITUTIONS ELIGIBLE FOR DAYLIGHT CREDIT THAT COULD INCUR INCREASED FEES UNDER THE PROPOSED PSR POLICY (Q4 2007)

Average increase in fees (annual)	Small users of intraday credit	Mid-to-large users of intraday credit	Total number of institutions
$0–$500	20	30	50
$500–$1,500	5	20	25
$1,500–$3,000	0	25	25
$3,000–$30,000	0	50	50
$30,000–$150,000	0	15	15
Greater than $150,000	0	5	5
Total	25	145	170

The Board estimates that the proposed PSR policy changes could result in about 160 institutions eligible for daylight overdrafts paying higher fees if they did not pledge (additional) collateral.[14] Thus, the number of institutions paying higher fees would increase by approximately ten with the addition of the proposed posting-rule change. While for affected institutions the amount of fees paid could be greater if both policy changes were adopted, institutions could fully offset these daylight overdraft fees through pledging (additional) collateral or increasing funding for their Federal Reserve accounts. For the 35 institutions that are ineligible for intraday credit, the effect of changing the posting rules for ACH debit transfers would remain the same under the current and proposed PSR policy regimes.

Overall, the Board believes the benefit of increased liquidity for institutions that originate large value of ACH debit transfers over FedACH or delivered from EPN to FedACH, the advantage for FedACH in eliminating a competitive disparity, and the improvement in measuring daylight overdrafts *in total* outweigh the increase in funding costs or daylight overdraft fees incurred by about 205 institutions. The Board also believes that many of these institutions will be able to avoid increased fees by pledging (additional) collateral under the proposed changes to the PSR policy. Each of these institutions could pledge (additional) collateral of approximately $65 million, on average, to avoid incurring higher fees from the posting-rule and broader PSR policy changes.[15]

Adoption of an earlier posting time for ACH debit transfers and TT&L investments associated with EFTPS ACH debit transfers could be implemented in a relatively short time, but the Board would consider the advantages and disadvantages of implementing the posting-rule change in tandem with the broader PSR policy changes to mitigate the effects. At a minimum, the Board would announce an effective date at least six months from the final rule to give institutions sufficient time to make plans to secure additional funding, as needed.

III. Questions

The Board proposes to change the posting time for commercial and government ACH debit transfers that are processed by the Reserve Banks' FedACH service to 8:30 a.m. to coincide with the posting of commercial and government ACH credit transfers. In conjunction with such a change, the Board also intends, in consultation with the U.S. Treasury, to move the posting of TT&L investments associated with EFTPS ACH debit transfers to 8:30 a.m. to maintain the simultaneous posting of these related transactions. The Board requests comment on the benefits and drawbacks of these proposed posting-rule change. In particular,

(1) To what extent do institutions that originate debit transfers through FedACH incur competitive disparities because of the difference in settlement times between operators? To what extent would adopting the proposal alter this situation?

(2) To what extent are there competitive disparities between ACH operators because of the difference in settlement times? To what extent would adopting the proposal alter this situation?

(3) Would the proposed change have an effect on the availability of funds to customers of depository institutions?

(4) To what extent would the proposed broader PSR policy changes, including a zero fee for collateralized daylight overdrafts, mitigate the liquidity concerns of *originating* institutions if the Board did *not* adopt the proposed change to the posting rules for of ACH debit transfers?

(5) To what extent would the proposed broader PSR policy changes, including a zero fee for collateralized daylight overdrafts, mitigate the liquidity concerns of *receiving* institutions of the proposed change to the posting rules for ACH debit transfers?

(6) Under the current and the proposed PSR policy, what costs would institutions expect to incur to fund their Federal Reserve accounts by 8:30 a.m. for ACH debit transfers, particularly if the institutions did not want or were ineligible to incur daylight overdrafts?

(7) If the Board changed the posting times for ACH debit transfers and EFTPS ACH debit transfers to 8:30 a.m., is six months a sufficient lead time for implementation to enable institutions to make plans to secure additional funding, as needed? Alternatively, should the Board implement the change to the posting rules at the same time as the proposed broader PSR policy changes to provide institutions an opportunity to pledge (additional) collateral to manage a possible increase in fees?

IV. Competitive Impact Analysis

The Board conducts a competitive impact analysis when it considers a change, such as that being proposed for the posting time of ACH debit transfers and the accompanying change to TT&L investments associated with EFTPS ACH debit transfers. Specifically, the Board determines whether there would be a direct and material adverse effect on the ability of other service providers to compete with the Federal Reserve due to differing legal powers or due to the Federal Reserve's dominant market position deriving from such legal differences.[16] The Board believes that there are no adverse effects resulting

[14] The **Federal Register** notice on the proposed changes to the PSR policy contains an analysis of the 160 institutions that could be paying higher fees under that proposal without the posting-rules change.

[15] The calculation of the collateral value excludes data for one institution that is an outlier in comparison to the other institutions that could be paying higher fees. The inclusion of this institution would significantly increase the estimated amount of collateral that an average institution would need to pledge to avoid paying higher fees.

[16] Federal Reserve Regulatory Service, 7–145.2.

from the proposed change due to legal differences.

Shifting the posting of ACH debit transfers to 8:30 a.m. would serve to bring the settlement of ACH debit transfers processed by the Reserve Banks' FedACH service in line with its private-sector competitor and reduce a competitive disadvantage to the Reserve Banks. The proposed posting-rule change would benefit not only FedACH participants that originate debit transfers but also EPN customers that originate debit transfers sent to FedACH, which settle according to the Board's posting rules.

V. Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3506; 5 CFR 1320 Appendix A.1), the Board reviewed the PSR policy change it is considering under the authority delegated to the Board by the Office of Management and Budget. No collection of information pursuant to the Paperwork Reduction Act are contained in the policy statement.

VI. Federal Reserve Policy on Payments System Risk

If the Board adopts an earlier posting time for ACH debit transfers and EFTPS investments associated with ACH debit transfers, it would amend the ''Federal Reserve Policy on Payments System Risk'' Section II.A. under the subheading ''Procedures for Measuring Daylight Overdrafts'' as follows in *italic.*

Procedures for Measuring Daylight Overdrafts [17]

Opening Balance (Previous Day's Closing Balance)

Post at 8:30 a.m. Eastern Time:

+/-*Government and commercial ACH transactions* [18]

+ *Treasury Electronic Federal Tax Payment System (EFTPS) investments from ACH transactions*

+ Advance-notice Treasury investments

+ Treasury checks, postal money orders, local Federal Reserve Bank checks, and EZ-Clear savings bond redemptions in separately sorted deposits; these items must be deposited by 12:01 a.m. local time or the local deposit deadline, whichever is later

-Penalty assessments for tax payments from the Treasury Investment Program (TIP).[19]

* * * * *

By order of the Board of Governors of the Federal Reserve System, February 28, 2008.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. E8–4183 Filed 3–4–08; 8:45 am]

BILLING CODE 6210–01–P

[17] This schedule of posting rules does not affect the overdraft restrictions and overdraft-measurement provisions for nonbank banks established by the Competitive Equality Banking Act of 1987 and the Board's Regulation Y (12 CFR 225.52).

[18] Institutions that are monitored in real time must fund the total amount of their commercial ACH credit originations in order for the transactions to be processed. If the Federal Reserve receives commercial ACH credit transactions from institutions monitored in real time after the scheduled close of the Fedwire Funds Service, these transactions will be processed at 12:30 a.m. the next business day, or by the ACH deposit deadline, whichever is earlier. The Account Balance Monitoring System provides intraday account information to the Reserve Banks and institutions and is used primarily to give authorized Reserve Bank personnel a mechanism to control and monitor account activity for selected institutions. For more information on ACH transaction processing, refer to the ACH Settlement Day Finality Guide available through the Federal Reserve Financial Services Web site at *http://www.frbservices.org*

[19] The Reserve Banks will identify and notify institutions with Treasury-authorized penalties on Thursdays. In the event that Thursday is a holiday, the Reserve Banks will identify and notify institutions with Treasury-authorized penalties on the following business day. Penalties will then be posted on the business day following notification.

GENERAL SERVICES ADMINISTRATION

Federal Travel Regulation (FTR); Maximum Per Diem Rates for the States of Alabama, California, Illinois, Missouri, New York, and Texas

AGENCY: Office of Governmentwide Policy, General Services Administration (GSA).

ACTION: Notice of Per Diem Bulletin 08–03, revised continental United States (CONUS) per diem rates.

SUMMARY: The General Services Administration (GSA) has reviewed the per diem rates for certain locations in the States of Alabama, California, Illinois, Missouri, and Texas, using more current lodging industry data, as well as data on where Federal travelers actually stay when visiting these locations. The county information for St. Louis, Missouri has expanded to include the counties of Crawford, Franklin, Jefferson, Lincoln, Warren, and Washington. Queens, New York will have the same per diem rates as Manhattan beginning March 17, 2008.

Finally, an analysis of the meals and incidental expenses (M&IE) data reveals that the maximum M&IE rates for the State of Alabama, the city of Mobile, including the county of Mobile; the State of California, the cities of Eureka, Arcata, and McKinleyville, including the county of Humboldt; and the State of Texas, the city of Beaumont, including the county of Jefferson, should be increased and adjusted to provide for the reimbursement of Federal employees' M&IE expenses.

The per diem rates prescribed in Bulletin 08–03 may be found at *http://www.gsa.gov/perdiem.*

DATES: This notice is effective March 17, 2008 and applies to travel performed on or after March 17, 2008.

FOR FURTHER INFORMATION CONTACT: For clarification of content, contact Mr. Cy Greenidge, Office of Governmentwide Policy, Travel Management Policy, at (202) 219–2349. Please cite FTR Per Diem Bulletin 08–03.

SUPPLEMENTARY INFORMATION:

A. Background

After an analysis of the per diem rates established for FY 2008 (see the **Federal Register** notice at 72 FR 43642, August 6, 2007), the per diem rate is being changed in the following locations:

State of Alabama

- Mobile County

State of California

- Humboldt County
- Monterey County

State of Illinois

- Bond County
- Calhoun County
- Clinton County
- Jersey County
- Macoupin County
- Madison County
- Monroe County
- St. Clair County

State of Missouri

- St. Louis City
- St. Louis County
- St. Charles County
- Crawford County
- Franklin County
- Jefferson County
- Lincoln County
- Warren County
- Washington County

State of New York

- The borough of Queens

State of Texas

- Jefferson County

Per diem rates are published on the Internet at *http://www.gsa.gov/perdiem* as an FTR Per Diem Bulletin and published in the **Federal Register** on a periodic basis. This process ensures timely increases or decreases in per diem rates established by GSA for Federal employees on official travel within CONUS. Notices published periodically in the **Federal Register**,