Federal Reserve Board Clearance Officer—Cynthia Ayouch—Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452–3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263–4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

Request for Comment on Information Collection Proposal

The following information collection, which is being handled under this delegated authority, has received initial Board approval and is hereby published for comment. At the end of the comment period, the proposed information collection, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;

b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;

c. Ways to enhance the quality, utility, and clarity of the information to be collected;

d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

e. Estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information.

Proposal to approve under OMB delegated authority the extension for three years, with revision, of the following report:

Report title: Domestic Finance Company Report of Consolidated Assets and Liabilities.

Agency form number: FR 2248.

OMB control number: 7100–0005.

Effective Date: January 31, 2014.

Frequency: Monthly, Quarterly, and Semi-annually.

Reporters: Domestic finance companies and mortgage companies.

Estimated annual reporting hours: 750 hours.

Estimated average hours per response: Monthly, 20 minutes; Quarterly, 30 minutes; Semi-annually, 10 minutes.

Number of respondents: 150.

General description of report: This information collection is authorized pursuant the Federal Reserve Act (12 U.S.C. 225(a)). Obligation to respond to this information collection is voluntary. Individual respondent data are confidential under section (b)(4) of the Freedom of Information Act (5 U.S.C. 552).

Abstract: The FR 2248 is collected monthly as of the last calendar day of the month from a stratified sample of finance companies. Each monthly report collects balance sheet data on major categories of consumer and business credit receivables and on major short-term liabilities. For quarter-end months (March, June, September, and December), additional asset and liability items are collected to provide a full balance sheet. A supplemental section collects data on securitized assets. The data are used to construct universe estimates of finance company holdings, which are published in the monthly statistical releases Finance Companies (G.20) and Consumer Credit (G.19), in the quarterly statistical release Flow of Funds Accounts of the United States (Z.1), and in the *Federal Reserve Bulletin* (Tables 1.51, 1.52, and 1.55).

Current Actions: The Federal Reserve proposes to revise the FR 2248 by: (1) Separating Other Consumer Loans into three data items: Government-guaranteed Student Loans, Private Student Loans, and Other Consumer Loans, (2) combining Non-recourse debt associated with financing and Notes, bonds and debentures into Notes, bonds, debentures and other debt, and (3) increasing the panel size from 70 to 150 finance companies. The proposed changes to the FR 2248 would be effective with the January 31, 2014, report date.

Board of Governors of the Federal Reserve System, November 1, 2013.

Robert deV. Frierson,

Secretary of the Board.

[FR Doc. 2013–26589 Filed 11–5–13; 8:45 am]

BILLING CODE 6210–01–P

FEDERAL RESERVE SYSTEM

[Docket No. OP–1468]

Federal Reserve Bank Services

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) has approved the private sector adjustment factor (PSAF) for 2014 of $23.4 million and the 2014 fee schedules for Federal Reserve priced services and electronic access. These actions were taken in accordance with the requirements of the Monetary Control Act of 1980, which requires that, over the long run, fees for Federal Reserve priced services be established on the basis of all direct and indirect costs, including the PSAF.

DATES: The new fee schedules become effective January 2, 2014.

FOR FURTHER INFORMATION CONTACT: For questions regarding the fee schedules: Susan V. Foley, Associate Director, (202/452–3596); Samantha J. Pelosi, Manager, Retail Payments, (202/530–6292); Linda S. Healey, Senior Financial Services Analyst, (202/452–5274), Division of Reserve Bank Operations and Payment Systems. For questions regarding the PSAF: Gregory L. Evans, Deputy Associate Director, (202/452–3945); Brenda L. Richards, Manager, Financial Accounting, (202/452–2753); or John W. Curle, Senior Financial Analyst, (202/452–3916), Division of Reserve Bank Operations and Payment Systems. For users of Telecommunications Device for the Deaf (TDD) only, please call 202/263–4869. Copies of the 2014 fee schedules for the check service are available from the Board, the Federal Reserve Banks, or the Reserve Banks' financial services Web site at *www.frbservices.org*.

SUPPLEMENTARY INFORMATION:

I. Private Sector Adjustment Factor and Priced Services

A. Overview—Each year, as required by the Monetary Control Act of 1980, the Reserve Banks set fees for priced services provided to depository institutions. These fees are set to recover, over the long run, all direct and indirect costs and imputed costs, including financing costs, taxes, and certain other expenses, as well as the return on equity (profit) that would have been earned if a private business firm provided the services. The imputed costs and imputed profit are collectively referred to as the PSAF. From 2003 through 2012, the Reserve Banks recovered 99.5 percent of their total expenses (including imputed costs) and targeted after-tax profits or return on equity (ROE) for providing priced services.[1 2]

[1] The ten-year recovery rate is based on the pro forma income statement for Federal Reserve priced services published in the Board's *Annual Report.* Effective December 31, 2006, the Reserve Banks implemented Statement of Financial Accounting Standards (SFAS) No. 158: *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* [Accounting Standards Codification (ASC) 715 *Compensation—Retirement Benefits*], which resulted in recognizing a cumulative reduction in equity related to the priced services' benefit plans. Including this cumulative reduction from 2006 to 2012 in equity results in

Continued

Table 1 summarizes 2012 actual, 2013 estimated, and 2014 budgeted cost-recovery rates for all priced services. Cost recovery is estimated to be 104.9 percent in 2013 and budgeted to be 102.3 percent in 2014.

TABLE 1—AGGREGATE PRICED SERVICES PRO FORMA COST AND REVENUE PERFORMANCE [a]

[$ Millions]

Year	1 [b] Revenue	2 [c] Total expense	3 Net income (roe) [1–2]	4 [d] Targeted roe	54 [e] Recovery rate after targeted roe [1/(2+4)](%)
2012 (actual)	449.8	423.0	26.8	8.9	104.1
2013 (estimate)	439.2	414.6	24.6	4.2	104.9
2014 (budget)	422.0	407.1	14.9	5.5	102.3

[a] Calculations in this table and subsequent pro forma cost and revenue tables may be affected by rounding.

[b] For 2012, revenue includes net income on clearing balances (NICB). Clearing balances were assumed to be invested in short-term Treasury securities and federal funds. NICB equals the imputed income from these investments less earnings credits granted to holders of clearing balances. The cost of earnings credits is based on the discounted three-month Treasury bill rate. For 2013, revenue includes imputed investment income from additional equity imputed to meet minimum capital requirements.

[c] The calculation of total expense includes operating, imputed, and other expenses. Imputed and other expenses include taxes, FDIC insurance, 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 FAS 158 [ASC 715] are also included.

[d] Targeted ROE is the after-tax ROE included in the PSAF. For 2012, the targeted ROE reflects average actual clearing balance levels through July 2012. The clearing balance program was eliminated in 2012; therefore, the clearing balances are not included in the 2013 or 2014 priced services balance sheet.

[e] The recovery rates in this and subsequent tables do not reflect the unamortized gains or losses that must be recognized in accordance with FAS 158 [ASC 715]. Future gains or losses, and their effect on cost recovery, cannot be projected.

Table 2 portrays an overview of cost-recovery performance for the ten-year period from 2003 to 2012, 2012 actual, 2013 budget, 2013 estimate, and 2014 budget by priced service.

TABLE 2—PRICED SERVICES COST RECOVERY

[Percent]

Priced service	2003–2012	2012 Actual	2013 Budget	2013 Estimate	2014 Budget [a]
All services	99.5	104.1	102.7	104.9	102.3
Check	98.8	108.8	107.1	111.9	108.0
FedACH	102.1	101.0	100.0	100.5	99.5
Fedwire Funds and NSS	101.6	98.8	98.3	98.0	98.5
Fedwire Securities	102.2	100.3	101.6	103.0	98.5

[a] The 2014 budget figures reflect preliminary budget information from the Reserve Banks. The Reserve Banks will transmit final budget data to the Board in November 2013, for Board consideration in December 2013. The 2013 budget figures reflect the final budgets as approved by the Board in December 2012.

1. *2013 Estimated Performance*—The Reserve Banks estimate that they will recover 104.9 percent of the costs of providing priced services in 2013, including total expense and targeted ROE, compared with a budgeted recovery rate of 102.7 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 $24.6 million, compared with the target of $4.2 million. Although the check service, the FedACH Service, and the Fedwire Securities Service are expected to achieve full cost recovery in 2013, the Fedwire Funds and National Settlement Services is expected to recover 98.0 percent of its costs. The shortfall is due to both lower revenue, associated with less-than-anticipated volume growth, and greater costs, associated with technological upgrades. Greater-than-expected check volume processed by the Reserve Banks has been the single most significant factor influencing priced services cost recovery.

2. *2014 Private Sector Adjustment Factor*—The 2014 PSAF for Reserve Bank priced services is $23.4 million. This amount represents an increase of $9.3 million from the 2013 PSAF of $14.1 million. This increase is primarily the result of a change in the net assets to be financed on the imputed priced-services balance sheet and an increase in the cost of equity.

3. *2014 Projected Performance*—The Reserve Banks project a priced services cost-recovery rate of 102.3 percent in 2014, with a net income of $14.9 million, compared to a targeted ROE of $5.5 million. The Reserve Banks project that the check service will fully recover its costs in 2014. The Reserve Banks also anticipate that the FedACH Service, the Fedwire Funds and National Settlement Service, and Fedwire Securities Service will not achieve full-cost recovery because of costs associated with multiyear technology initiatives to

cost recovery of 92.1 percent for the ten-year period. This measure of long-run cost recovery is also published in the Board's *Annual Report.*

[2] Over this period, the Reserve Banks have undertaken a range of cost-reduction and revenue-generation initiatives as part of their long-term business strategy. These initiatives have included streamlining management structures, reducing staffing levels, increasing productivity, and selectively raising fees. These initiatives largely involved the check service, which contributes significantly to overall cost recovery and drove several years of under recovery in prior periods. For instance, the Reserve Banks reduced the number of offices at which paper checks are processed from forty-five at the beginning of 2003 to one location in 2010. The System's electronic check processing was also consolidated at one Federal Reserve site.

modernize their processing platforms. These investments are expected to gain efficiencies, improve the overall quality of operations, and enhance the Reserve Banks' ability to offer additional services to depository institutions.

The primary risks to the Reserve Banks' ability to achieve their targeted cost recovery rates are unanticipated volume and revenue reductions and the potential for cost overruns with the technology modernization initiatives. In light of these risks, the Reserve Banks will continue to refine their business and operational strategies to manage aggressively operating costs, to leverage efficiencies gained from technology initiatives, and to increase product revenue.

4.*2014 Pricing*—The following summarizes the Reserve Banks' changes in fee schedules for priced services in 2014:

Check

• The Reserve Banks will introduce a new tier to each level of the FedForward Select Mixed Image Cash Letter (ICL) products.[3] The Reserve Banks also will raise the daily fee for Select Mixed Level 1 from $2,000 to $2,200.

• The Reserve Banks announced in October a 12:30 p.m. deadline for FedReturn Mixed ICL deposits, which will provide an opportunity for paying banks to return items to the bank of first deposit one day earlier.[4] The ICL fee will be the same as the ICL fee for the 1:00 a.m. deadline for FedReturn Mixed ICL deposits, while the item fees will be the same as the item fees for the 9:00 p.m. deadline. The Reserve Banks also will reduce the FedReturn Mixed ICL per-item fees for tier 1 and tier 2, and increase the per-item fees for tier 3, tier 4, PDF, and substitute checks.[5]

• The Reserve Banks will discontinue the Choice Receiver program, which provides pricing incentives to those customers that agree to designate the Federal Reserve as their sole electronic presentment point and electronic return point. At the same time, the Reserve Banks will reduce the per-item fees for the FedReceipt Plus Forward and Return products from $0.005 to $0.004.[6]

FedACH

• The Reserve Banks will increase the FedACH monthly settlement fee from $50 to $55 per routing number and increase the account servicing fee from $37 to $45 per routing number. In addition, Reserve Banks will raise the fee for the use of automated notification of change (NOC) functionality from $0.15 to $0.20 per item and introduce a participation fee of $5 per month for each routing number with NOC activity during a month.

• The Reserve Banks also will restructure the batch/item monitoring fee for the Origination Monitoring Service and RDFI Alert Service by implementing two volume-based tiers with per batch fees of $0.007 for up to 500,000 batches each month and $0.0035 for greater than 500,000 batches each month.[7]

• The Reserve Banks will offer a discount of $0.0025 off FedACH receipt fees for receiving depository financial institutions (RDFIs) that originate and receive items on the same routing number (''on-us'' transactions).

Fedwire Funds and National Settlement

• The Reserve Banks will increase the per-item fee on all transfers that exceed $10 million (high-value transfer surcharge) from $0.12 to $0.15 and the per-item fee on all transfers that exceed $100 million from $0.30 to $0.36. The Reserve Banks will also increase the end-of-day origination surcharge from $0.21 to $0.26 and increase the monthly fee for the usage of the FedPayments Manager import/export tool from $30 to $45.[8] In addition, the Reserve Banks will increase the monthly participation fee from $85 to $90.[9]

• The Reserve Banks will increase the Tier 1 per-item pre-incentive fee from $0.65 to $0.69 per transaction, decrease the Tier 2 per-item pre-incentive fee from $0.25 to $0.24, and decrease the Tier 3 per-item pre-incentive fee from $0.145 to $0.14.[10]

• The Reserve Banks will increase the National Settlement Service's settlement file charge from $25 to $30 and the settlement charge per entry from $1.20 to $1.50.

Fedwire Securities

• The Reserve Banks will keep prices unchanged in 2014.

FedLine Access Solutions

• The Reserve Banks will increase the price for FedLine Command Plus by $200 per month and FedLine Direct by $500 per month.

• The Reserve Banks will no longer include user subscriptions for priced services within FedLine packages. Depository institutions that wish to access priced services will be required to purchase user subscriptions in packs of five (5-packs). The FedMail email subscriber 5-packs will be $10 per month, and 5-packs for all other FedLine packages will be $80 per month. FedLine packages will continue to include unlimited subscriptions to nonpriced services.

• The Reserve Banks will raise the monthly fees for the 56K additional dedicated electronic access connection by $500 and the dial-only VPN surcharge by $200. The Reserve Banks will also raise the monthly fee for FedMail fax by $10. Additionally, the Reserve Banks will increase the monthly fees for the Accounting Totals by Service Line (ACTS) reports.

• The Reserve Banks will include one FedLine subscriber 5-pack and one FedMail subscriber 5-pack within the FedComplete 100 Plus and FedComplete 200 Plus bundled products without an increase in published fees. Additionally, the FedComplete 100 product will be eliminated.

5. *2014 Price Index*—Figure 1 compares indexes of fees for the Reserve Banks' priced services with the GDP price index starting in 2005, which is the first full year the Reserve Banks offered Check 21 services. The price

[3] The Reserve Banks offer customers the option of sending FedForward ICLs for items drawn on specific endpoints in a separate cash letter, which combines a high fixed fee with a lower variable fee. All eligible items in the cash letter receive immediate availability while ineligible items receive deferred availability of the next business day. A current list of FedForward endpoint tier listings and Select Mixed endpoints can be found at *http://www.frbservices.org/servicefees/check21_endpoint_listing.html.*

[4] The announcement can be found at *http://www.frbservices.org/files/communications/pdf/check/100313_deposit_deadline.pdf.*

[5] The FedReturn endpoint tiers listing may be found at *http://www.frbservices.org/servicefees/check21_endpoint_listing.html.*

[6] FedReceipt is electronic presentment of forward items to paying banks or delivery of return items to depositary banks.

[7] The FedACH Risk® Origination Monitoring Service helps originating depository financial institutions (ODFIs) mitigate ACH origination risk for forward item batches. The service addresses operational, credit, and third-party risk associated with ACH payments, regardless of the location or number of sending points. The service allows ODFIs to set cumulative credit and/or debit processing limits (caps) for certain forward ACH batches processed by FedACH. The FedACH Risk RDFI Alert Service is available to help RDFIs manage their ACH receipt risk. The RDFI File Alert Service allows an RDFI to set debit and credit thresholds (dollar amount, addenda/item count, or both) for FedACH output files.

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

[9] This fee is only charged when there is Fedwire Funds transfer activity in a given month.

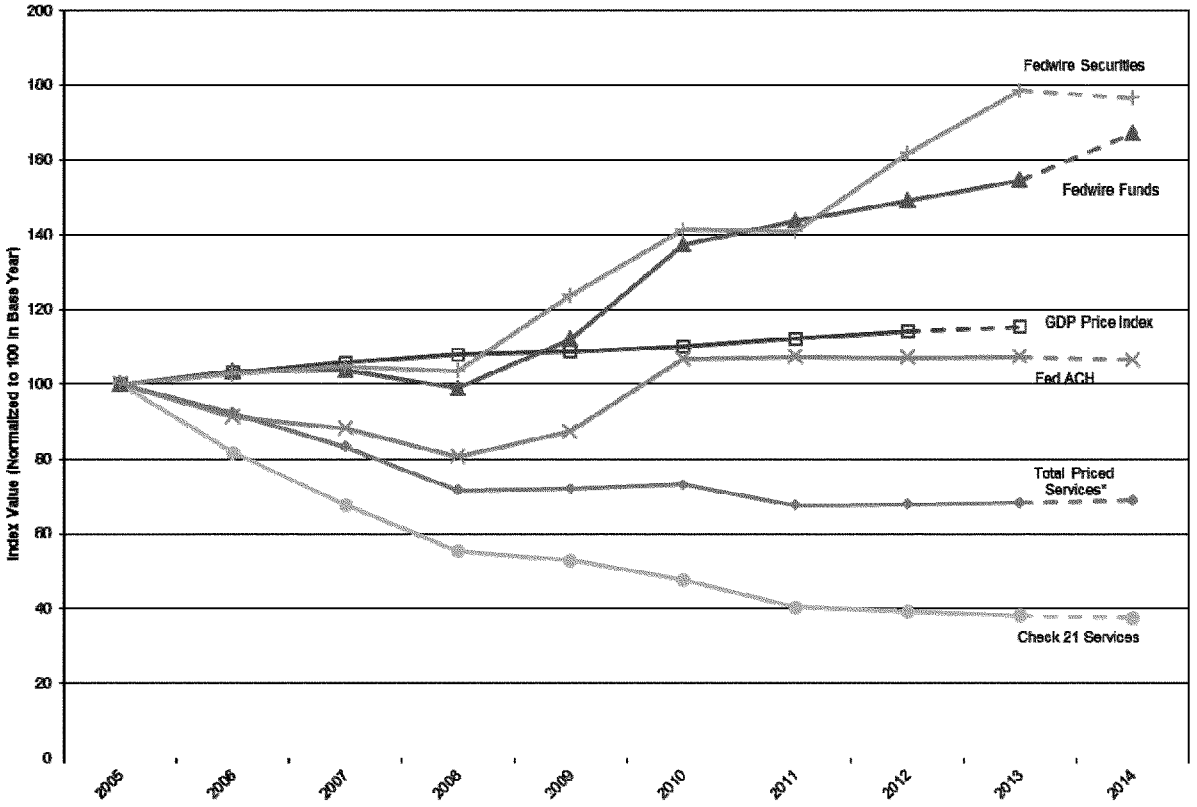
[10] The per-item pre-incentive fee is the fee that the Reserve Banks charge for transfers that do not qualify for incentive discounts. The Tier 1 per-item pre-incentive fee applies to the first 14,000 transfers, the Tier 2 per-item pre-incentive fee applies to the next 76,000 transfers, and the Tier 3 per-item pre-incentive fee applies to any additional transfers. The Reserve Banks apply an 80 percent incentive discount to every transfer over 60 percent of a customer's historic benchmark volume.

index for Reserve Bank priced services is projected to increase approximately 1 percent in 2014 from the 2013 level. The price index for Check 21 services is projected to decrease approximately 2 percent. The price index for the FedACH Service is projected to decrease nearly 1 percent. The price index for the Fedwire Funds and National Settlement Services is projected to increase approximately 8 percent. The price index for the Fedwire Securities Services is projected to decrease approximately 1 percent. For the period 2005 to 2014, the price index for total priced services is expected to decrease 31 percent. In comparison, for the period 2005 to 2012, the GDP price index increased 14 percent.

FIGURE 1

2014 Price Index

PRICE INDEXES FOR FEDERAL RESERVE PRICED SERVICES



* Total priced services excludes legacy paper check services, which now have deminimus volume and are estimated to account for less than 3 percent of aggregate revenue in 2013.

B. Private Sector Adjustment Factor—The method for calculating the financing and equity 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 the related depreciation expense. The priced portion of actual Federal Reserve liabilities consists of postemployment/postretirement benefits, accounts payable, and other liabilities. The priced portion of the actual net pension asset or liabilities is also included on the balance sheet.[11]

The equity financing rate is the targeted ROE rate 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. To implement the CAPM, the risk-free rate is based on the three-month Treasury bill; the beta is assumed to equal to 1.0, which approximates the risk of the market as a whole; and the

[11] The pension assets are netted with the pension liabilities and reported as a net asset or net liability as required by Accounting Standards Codification (ASC) 715 *Compensation—Retirement Benefits.*

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 influences the dollar level of the PSAF because this is the return a shareholder would require in order to invest 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 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 actual performance results are greater or less than the targeted ROE, income taxes are adjusted using an imputed income 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. The ratio of long-term debt and equity is imputed to meet the priced services long-term funding need 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 of at least 5 percent of total assets and 10 percent of risk-weighted assets. Any imputed equity that exceeds that needed to meet 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.

Effective tax rate. As with 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 5 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 and the annual Merrill Lynch Corporate & High Yield Index rate, respectively. The rates for debt and equity financing are applied to the priced services estimated imputed liabilities and imputed equity derived from the target capital structure.

The increase in the 2014 PSAF is due primarily to an increase in the debt and equity costs resulting from imputed debt and equity that was required to offset a reduction in pension and other benefit liabilities that were used to fund priced services assets in 2013.

Projected 2014 Federal Reserve priced-services assets, reflected in table 3, have increased $85.7 million 2013 levels, as a result of the increase in imputed investments from estimated items in process of collection and the shift in the net pension liability to a net pension asset.

Credit float, which represents the difference between items in process of collection and deferred credit items, increased to $600.0 million in 2014 from $550.0 million in 2013.[12] The projected increase for 2014 is primarily due to the increased use of products that generate credit float.

As shown in table 3, the amount of equity imputed for the 2014 PSAF is $82.3 million, an increase of approximately $10.1 million from the equity imputed for 2013. In accordance with FAS 158 [ASC 715], this amount includes an accumulated other comprehensive loss (AOCI) of $497.5 million. The capital-to-total-assets ratio and the capital-to-risk-weighted-assets ratio must be equal to or greater than the regulatory requirements for a well-capitalized depository institution. The ratio of capital to risk-weighted assets exceeds 10 percent, and equity exceeds 5 percent of total assets.[13] In 2013, additional equity of $58.1 million was imputed to meet the minimum capital-to-risk-weighted-asset constraint (the corresponding imputed investment income from this additional equity was $0.1 million). In 2014, equity was imputed to meet the ratio of long-term debt to long-term debt plus equity observed in the market.

In 2014, $22.2 million and $119.3 million of short- and long-term debt, respectively, was imputed to meet the asset funding requirements and to reflect the ratio of long-term debt to equity observed in the market (Table 4). In 2013, $14.4 million in short-term debt was imputed to meet short-term funding requirements.

Table 5 shows the imputed PSAF elements for 2014 and 2013, including the pretax ROE and other required PSAF costs. The 2014 long-term debt costs increased to $7.0 million from zero in 2013 due to imputing $119.3 million in long-term debt. The 2014 ROE of $8.7 million represents an increase of $1.9 million over the 2013 ROE of $6.8 million and is due to a higher equity level and pre-tax ROE. Imputed sales taxes increased to $3.5 million in 2014 from $3.3 million in 2013. The effective income tax rate used in 2014 decreased to 37.2 percent from 38.5 percent in 2013. The priced services portion of the Board's expenses increased $0.1 million to $4.1 million in 2014 from $4.0 million in 2013.

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[12] Credit float occurs when the Reserve Banks present transactions to the paying bank prior to providing credit to the depositing bank.

[13] On September 10, 2013, the FDIC issued an interim rule, effective in 2015, pertaining to the risk weighting of regulatory capital and to the inclusion of AOCI in the calculation of regulatory capital. Under the agencies' general risk-based capital rules, most components of AOCI are not reflected in a banking organization's regulatory capital. The Reserve Banks will continue to include accumulated other comprehensive income or losses (78 FR 55346, September 10, 2013). The Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System published a final rule that replaces their existing risk-based and leverage capital rules and this final rule is consistent with the interim final rule published by the FDIC (78 FR 62017, October 11, 2013).

Table 3

Comparison of Pro Forma Balance Sheets for Budgeted Federal Reserve Priced Services[14]

(millions of dollars – projected average for year)

	2014	2013	Change
Short-term assets			
Receivables	35.8	35.3	0.5
Materials and supplies	0.7	0.9	(0.2)
Prepaid expenses	11.1	5.5	5.6
Items in process of collection[15]	200.0	150.0	50.0
Total short-term assets	247.7	191.7	56.0
Imputed investments	$ 600.0	$ 608.1	$ (8.1)
Long-term assets			
Premises[16]	$ 123.6	$ 135.0	$ (11.4)
Furniture and equipment	37.6	32.8	4.8
Leasehold improvements and long-term prepayments	103.3	75.3	28.0
Net pension asset	39.3	-	39.3
Deferred tax asset	303.1	326.0	(22.9)
Total long-term assets	606.8	569.1	37.8
Total assets	$ 1,454.5	$ 1,368.9	$ 85.7
Short-term liabilities			
Deferred credit items[15]	$ 800.0	$ 700.0	$ 100.0
Short-term debt	22.2	14.4	7.7
Short-term payables	25.5	27.3	(1.8)
Total short-term liabilities	847.7	741.7	106.0
Long-term liabilities			
Long-term debt	$ 119.3	$ -	$ 119.3
Postemployment/postretirement benefits and net pension liabilities[17]	405.2	554.9	(149.8)
Total liabilities	$ 1,372.2	$ 1,296.6	$ 75.6
Equity[18]	$ 82.3	$ 72.3	$ 10.1
Total liabilities and equity	$ 1,454.5	$ 1,368.9	$ 85.7

[14] The 2013 PSAF values in tables 3, 4, and 5 reflect the 2013 PSAF of $14.1 million approved by the Board in October 2012 when determining fees for priced services and 2014 figures reflect the most recent data from the Reserve Banks. Calculations in this table and subsequent pro forma tables may be affected by rounding.

[15] Represents float that is directly estimated at the service level.

[16] Includes the allocation of Board of Governors assets to priced services of $0.6 million for 2014 and 2013.

[17] Includes the allocation of Board of Governors liabilities to priced services of $0.6 million and $0.5 million for 2014 and 2013, respectively.

[18] Includes an accumulated other comprehensive loss of $497.5 million for 2014 and $615.3 million for 2013, which reflects the ongoing amortization of the accumulated loss in accordance with FAS 158 [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)

	2014	2013
A. Short-term asset financing		
Short-term assets to be financed		
Receivables	$ 35.8	$ 35.3
Materials and supplies	0.7	0.9
Prepaid expenses	11.1	5.5
Total short-term assets to be financed	$ 47.7	$ 41.7
Short-term payables	25.5	27.3
Net short-term assets to be financed	$ 22.2	$ 14.4
Imputed short-term debt financing[19]	$ 22.2	$ 14.4
B. Long-term asset financing		
Long-term assets to be financed		
Premises	$ 123.6	$ 135.0
Furniture and equipment	37.6	32.8
Leasehold improvements and long-term prepayments	103.3	75.3
Net pension asset	39.3	-
Deferred tax asset	303.1	326.0
Total long-term assets to be financed	$ 606.8	$ 569.1
Postemployment/postretirement benefits and net pension liabilities	405.2	554.9
Net long-term assets to be financed	$ 201.6	$ 14.2
Imputed long-term debt[19]	$ 119.3	$ -
Imputed equity[19]	82.3	14.2
Total long-term financing	$ 201.6	$ 14.2

[19] See table 5 for calculation.

Table 5
Derivation of the 2014 and 2013 PSAF
(millions of dollars)

	2014			2013		
A. Imputed long-term debt and Equity						
	Debt	Equity		Debt	Equity	
Net long-term assets to finance	$ 201.6	$ 201.6		$ 14.2	$14.2	
Capital structure observed in market	59%	41%		60%	40%	
Pre-adjusted long-term debt and equity	$ 119.3	$ 82.3		$ 8.5	$ 5.7	
Equity adjustments offset by [20]:						
Imputed long-term debt	-	-		(8.5)	8.5	
Imputed investments	-	-		-	58.1	
	$ 119.3	$ 82.3		$ -	$ 72.3	
B. Cost of capital						
Elements of capital costs						
Short-term debt[21]	$ 22.2	x 0.2% =	$ 0.0	$ 14.4	x 0.4% =	$ 0.1
Long-term debt[21]	119.3	x 5.9% =	7.0	-	x 6.4% =	-
Equity[22]	82.3	x 10.6%=	8.7	72.3	x 9.4% =	6.8
			$ 15.8			$ 6.9
C. Other required PSAF costs						
Sales taxes		$ 3.5			$ 3.3	
Board of Governors		4.1			4.0	
			7.6			7.3
D. Total PSAF			$ 23.4			$ 14.1
As a percent of assets			1.6%			1.0%
As a percent of expenses			5.6%			3.3%
E. Tax rates			37.2%			38.5%

[20] 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 2013, the amount of imputed equity was based on the minimum equity requirements for risk-weighted assets, or 10%.
[21] Imputed short-term debt and long-term debt are computed at table 4.
[22] The 2013 ROE is equal to a risk-free rate plus a risk premium (beta * market risk premium). The 2013 after-tax CAPM ROE is calculated as 0.05% + (1.0 * 6.61%) = 6.66%. Using a tax rate of 37.2%, the after-tax ROE is converted into a pretax ROE, which results in a pretax ROE of (6.66% / (1-37.2%)) = 10.6%. Calculations may be affected by rounding.

Table 6
Computation of 2014 Capital Adequacy for Federal Reserve Priced Services
(millions of dollars)

	Assets	Risk Weight	Weighted Assets
Imputed investments:			
3-month Treasury bills[23]	$ -	-	$ -
Federal funds[24]	600.0	0.2	120.0
Total imputed investments	600.0		120.0
Receivables	$ 35.8	0.2	$ 7.2
Materials and supplies	0.7	1.0	0.7
Prepaid expenses	11.1	1.0	11.1
Items in process of collection	200.0	0.2	40.0
Premises	123.6	1.0	123.6
Furniture and equipment	37.6	1.0	37.6
Leasehold improvements and long-term prepayments	103.3	1.0	103.3
Pension asset	39.3	1.0	39.3
Deferred tax asset	303.1	1.0	303.1
Total	$ 1,454.5		$ 785.8
Imputed equity			$ 82.3
Capital to risk-weighted assets	10.5 %		
Capital to total assets	5.7 %		

[23] 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.

[24] The investments are imputed based on the amounts arising from the collection of items prior to providing credit according to established availability schedules.

C. *Check Service*—Table 7 shows the 2012 actual, 2013 estimated, and 2014 budgeted cost-recovery performance for the commercial check service.

Table 7

Check Service Pro Forma Cost and Revenue Performance
($ 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)]
2012 (actual)	220.3	198.4	21.9	4.1	108.8%
2013 (estimate)	197.3	174.6	22.7	1.7	111.9%
2014 (budget)	163.4	149.4	14.0	1.9	108.0%

1. *2013 Estimate*—For 2013, the Reserve Banks estimate that the check service will recover 111.9 percent of total expenses and targeted ROE, compared with the budgeted recovery rate of 107.1 percent. The Reserve Banks expect to recover all actual and imputed costs of providing check services and earn a net income of $22.7 million (see table 7). Greater-than-expected check volumes processed by the Reserve Banks and lower-than-expected costs have influenced significantly the check services cost recovery.[25]

The decline in checks collected by the Reserve Banks reflects the decline in the number of checks written generally. Through August, total forward check volume is 7 percent lower and total return check volume is 13 percent lower than for the same period last year. For full-year 2013, the Reserve Banks estimate that their total forward check collection volume will decline nearly 7 percent and their total return check volume will decline 14 percent from 2012 levels.[26] The proportion of checks deposited and presented electronically through the Reserve Banks continues to grow (see table 8). The Reserve Banks expect that year-end 2013 FedForward deposit and FedReceipt presentment penetration rates will exceed 99.9 percent.[27] The Reserve Banks also expect that year-end 2013 FedReturn and FedReceipt Return volume penetration rates will reach 99.0 percent and 97.0 percent, respectively.[28]

Table 8

Check 21 Product Penetration Rates
(percent)[a]

	FORWARD DEPOSIT VOLUME				RETURN VOLUME[b]			
	FEDFORWARD		FEDRECEIPT		FEDRETURN		FEDRECEIPT RETURN	
	Full-year	Year-end	Full-year	Year-end	Full-year	Year-end	Full-year	Year-end
2005	1.9	5.0	<0.1	0.1	4.0	6.9	N/A	N/A
2006	14.4	26.0	1.0	3.5	19.7	30.5	<0.1	<0.1
2007	42.6	57.9	12.5	22.7	37.8	45.4	0.5	1.1
2008	76.8	91.8	41.5	60.7	58.4	72.0	6.4	13.2
2009	96.5	98.6	80.4	91.7	81.2	91.2	34.1	50.8
2010	99.4	99.7	95.7	98.4	94.5	96.8	63.0	71.7
2011	99.9	>99.9	99.3	99.7	97.5	98.0	84.5	90.8
2012	>99.9	>99.9	99.9	>99.9	98.5	98.6	93.2	95.5
2013 (estimate)	>99.9	>99.9	>99.9	>99.9	98.8	99.0	96.3	97.0
2014 (budget)	>99.9	>99.9	>99.9	>99.9	99.2	99.4	97.0	97.0

[a] Deposit and presentment statistics are calculated as a percentage of total forward collection volume. Return statistics are calculated as a percentage of total return volume.
[b] The Reserve Banks began offering PDF delivery of returned checks in 2009. Starting in 2011, volume associated with the delivery of returned checks in PDF files is included in FedReceipt Return volume.

[25] The greater-than-expected check volume is attributed to two new FedForward deposit options that were introduced in late 2011: premium mixed and select mixed. The premium mixed option allows customers to send forward collection items in a mixed cash letter for a higher cash letter fee and lower electronic per-item fee. The select mixed option offers similar incentives; however, the customer sends forward collection items drawn on specific forward collection routing numbers in separate cash letters.

[26] Total Reserve Bank forward check volumes are expected to drop from roughly 6.4 billion in 2012 to 6.0 billion in 2013. Total Reserve Bank return check volumes are expected to drop from roughly 48.8 million in 2012 to 41.9 million in 2013.

[27] FedForward is the electronic forward check collection product. FedReceipt is electronic presentment with accompanying images.

[28] FedReturn is the electronic check return product. FedReceipt Return is the electronic delivery of returned checks with accompanying images.

2. *2014 Pricing*—In 2014, the Reserve Banks project that the check service will recover 108.0 percent of total expenses and targeted ROE. Revenue is projected to be $163.4 million, a decline of 17 percent from 2013. This decline is driven largely by projected reductions in both forward check collection and return check volume. Total expenses for the check service are projected to be $149.4 million, a decline of 14 percent from 2013. The reduction in check costs is driven primarily by the cost savings associated with the implementation of a more efficient check processing platform and the decommissioning of the legacy platform.[29]

The Reserve Banks estimate that total Reserve Bank forward check volumes will decline nearly 9 percent to 5.4 billion and return check volumes will decline approximately 14 percent to 36.2 million in 2014. The decline in Reserve Bank check volume can be attributed to the continued decline in check use nationwide.

The Reserve Banks offer depository institutions the option of sending FedForward Select Mixed Image Cash Letters (ICL), for items drawn on specific routing numbers in a separate cash letter, which combines a high fixed fee with a lower variable fee. The Reserve Banks will introduce a third tier to each level of the FedForward Select Mixed ICL product and will expand the number of eligible routing numbers by 828 for a total of 5,411 routing numbers. At the same time, the Reserve Banks will raise the daily fee for FedForward Select Mixed Level 1 from $2,000 to $2,200 (see Table 9).

Table 9

FedForward Select Mixed Image Cash Letter [a,b]		
	Level 1	Level 2
Daily fixed fee	$2,200	$900
Eligible routing numbers		
Tier 1 per-item fee	$0.0020	$0.0020
Tier 2 per-item fee	$0.0040	$0.0060
Tier 3 per-item fee	$0.0060	$0.0080
Non-eligible routing numbers	$0.1000	$0.1000

[a] The deposit deadlines are 9:00 p.m. ET, Sunday through Friday to 5:00 a.m. ET, Monday through Friday.
[b] A current list of FedForward endpoint tier listings and Select Mixed endpoints can be found at http://www.frbservices.org/servicefees/check21_endpoint_listing.html.

The Reserve Banks announced in October a 12:30 p.m. deadline for FedReturn Mixed ICL deposits, which will provide an opportunity for paying banks to return items to the bank of first deposit one day earlier. The ICL fee will be the same as the ICL fee for the 1:00 a.m. deadline for FedReturn Mixed ICL deposits, and item fees will be the same as the item fees for the 9:00 p.m. deadline. The Reserve Banks also will reduce FedReturn Mixed ICL per-item fees for tier 1 and tier 2, and increase per-item fees for tier 3, tier 4, PDF, and substitute checks (see Table 10).

[29] The Reserve Banks completed a multi-year check platform modernization initiative in October 2012.

Table 10

FedReturn Mixed Image Cash Letter [a,b]			
Deadline	9:00 p.m.	1:00 a.m.	12:30 p.m.
Cash letter fee	$3.50	$4.50	$4.50
Tier 1	$0.15	$0.20	$0.15
Tier 2	$0.20	$0.25	$0.20
Tier 3	$0.60	$0.65	$0.60
Tier 4	$0.80	$0.85	$0.80
PDF [c]	$1.00	$1.00	$1.00
Substitute check [d]	$1.50	$1.50	$1.50

[a] All deadlines are Eastern Time, Monday through Friday.
[b] A current list of FedForward endpoint tier listings and Select Mixed endpoints can be found at http://www.frbservices.org/servicefees/check21_endpoint_listing.html.
[c] For those depository institutions that do not have the ability to accept forward or return items in X9.37 format, the Reserve Banks can send a PDF file of the depository institution's presentments and returns directly to a printer located at the depository institution.
[d] A substitute check is a paper reproduction of an original check that contains an image of the front and back of the original check and is suitable for automated processing in the same manner as the original check.

The Reserve Banks will discontinue the Choice Receiver program, which provides pricing incentives to those customers that agree to designate the Federal Reserve as their sole electronic presentment point and electronic return point. At the same time, the Reserve Banks will reduce the per-item fees for the FedReceipt Plus Forward and Return products from $0.005 to $0.004.

Risks to the Reserve Banks' ability to achieve budgeted 2014 cost recovery for the check service include greater-than-expected check volume losses to correspondent banks, aggregators, and direct exchanges, which would result in lower-than-anticipated revenue, and higher-than-expected support and overhead costs.

D. *FedACH Service*—Table 11 shows the 2012 actual, 2013 estimate, and 2014 budgeted cost-recovery performance for the commercial FedACH service.

Table 11

FedACH Service Pro Forma Cost and Revenue Performance
($ 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)]
2012 (actual)	114.9	111.4	3.6	2.4	101.0%
2013 (estimate)	118.1	116.3	1.8	1.2	100.5%
2014 (budget)	123.7	122.7	1.0	1.7	99.5%

1. *2013 Estimate*—The Reserve Banks estimate that the FedACH service will recover 100.5 percent of total expenses and targeted ROE. The Reserve Banks expect to recover all actual and imputed costs of providing FedACH services and earn net income of $1.8 million. Through August, FedACH commercial origination volume was 3.6 percent higher than it was during the same period last year. For the full year, the Reserve Banks estimate that volume growth will continue at the current trend.

2. *2014 Pricing*—The Reserve Banks project that the FedACH service will recover 99.5 percent of total expenses and targeted ROE in 2014. Total revenue is expected to increase $5.6 million from the 2013 estimate, primarily because of the projected 3.0 percent growth in FedACH commercial origination and receipt volume. Total expenses are budgeted to increase $6.4 million from the 2013 estimate because of costs associated with the development of a new FedACH technology platform.

The Reserve Banks will increase the FedACH monthly settlement fee from $50 to $55 per routing number and will increase the account servicing fee from $37 to $45 per routing number. In addition, Reserve Banks will raise the fee for the use of automated notification of change (NOC) functionality from $0.15 to $0.20 per item and will introduce a NOC participation fee of $5 per month. The Reserve Banks also will restructure the batch/item monitoring fee for the Origination Monitoring Service and RDFI Alert Service by implementing two volume-based tiers

with per-batch fees of $0.007 for up to 500,000 batches each month and $0.0035 for greater than 500,000 batches each month. The Reserve Banks will offer a discount of $0.0025 off FedACH receipt fees for RDFIs that originate and receive items on the same routing number (''on-us'' transactions).[30]

The primary risk to the Reserve Banks' ability to achieve budgeted 2014 cost recovery for the FedACH service is cost overruns associated with unanticipated problems with technology upgrades and higher-than-expected support and overhead costs. Other risks include lower-than-expected volume and associated revenue due to unanticipated mergers and acquisitions and loss of market share due to direct exchanges and a shift of volume to the private-sector operator.

E. *Fedwire Funds and National Settlement Services*—Table 12 shows the 2012 actual, 2013 estimate, and 2014 budgeted cost-recovery performance for the Fedwire Funds and National Settlement Services.

Table 12

Fedwire Funds and National Settlement Services Pro Forma Cost and Revenue Performance
($ 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)]
2012 (actual)	90.5	89.7	0.8	1.9	98.8%
2013 (estimate)	97.2	98.1	-0.9	1.0	98.0%
2014 (budget)	109.8	109.9	-0.1	1.5	98.5%

1. *2013 Estimate*—The Reserve Banks estimate that the Fedwire Funds and National Settlement Services will recover 98.0 percent of total expenses and targeted ROE, compared with a 2013 budgeted recovery rate of 98.3 percent. For the full year, the Reserve Banks estimate that Fedwire Funds online volume will exceed the budget by 3.0 percent. Although volume is higher than originally projected, revenue is expected to be lower because of a different-than-projected distribution of volume across the fee structure. With regard to the National Settlement Service, the Reserve Banks estimate that the volume of settlement files will exceed projections by 6.3 percent while the volume of settlement entries will be higher by 2.4 percent.

2. *2014 Pricing*—The Reserve Banks will increase prices on average by 13.5 percent in order for the Fedwire Funds and National Settlement Services to recover 98.5 percent of total expenses and targeted ROE. The pricing strategy is sensitive to the competitive vulnerabilities of different customer segments and focuses price increases on value-added aspects of the service. The Reserve Banks project total revenue to increase $12.6 million from the 2013 estimate. This projected revenue increase is primarily the result of price increases for the Fedwire Funds and the National Settlement Services and a 2.0 percent projected growth in Fedwire Funds volume. The Reserve Banks project total expenses to increase $11.8 million from the 2013 estimate. This increase is due primarily to ongoing projects to upgrade the Fedwire application and related information technology infrastructure.

The Reserve Banks will increase the surcharge for transfers exceeding $10 million from $0.12 to $0.15 and the surcharge for transfers exceeding $100 million from $0.30 to $0.36.[31] The Reserve Banks believe that high-value transfer surcharges are an equitable way to shift more of the cost associated with Fedwire resiliency to those high-value payments that drive the need for such resiliency.

The Reserve Banks also will adjust the incentive pricing fees and related benchmark volume for the Fedwire Funds Service. First, the Reserve Banks will increase the Tier 1 per item pre-incentive fee (the fee before volume discounts are applied) from $0.65 to $0.69. Second, the Reserve Banks will decrease the Tier 2 per item pre-incentive fee from $0.25 to $0.24. Third, the Reserve Banks will decrease the Tier 3 per item pre-incentive fee from $0.145 to $0.140. Finally, the Reserve Banks will increase the benchmark at which customers receive volume-based discounts from 50 percent of a customer's historical average of daily transfer activity to 60 percent.

The Reserve Banks will increase the late-day (after 5:00 p.m. ET) origination surcharge from $0.21 to $0.26. In addition, the Reserve Banks will increase the FedPayments Manager import/export monthly fee from $30 to $45. The Reserve Banks believe that these increases are reasonable given the significant value that these services provide to the customer. Lastly, the Reserve Banks will increase the monthly participation fee from $85 to $90. The Reserve Banks estimate that the price increases will result in an approximate 13.5 percent average price increase for Fedwire Funds customers.

With respect to the National Settlement Service, the Reserve Banks will increase the settlement file fee from $25 to $30 and the settlement entry fee from $1.20 to $1.50. The Reserve Banks project volume growth to remain at 2013 levels.

The Reserve Banks' proposed Fedwire Funds and National Settlement Services fees are consistent with their multi-year strategy to minimize pricing volatility while undertaking the ongoing technology upgrades and related information technology infrastructure projects.[32] The primary risk to the Reserve Banks' ability to achieve budgeted 2014 cost recovery for these services is cost overruns associated with managing the complexity of these technology upgrades.

F. *Fedwire Securities Service*—Table 13 shows the 2012 actual, 2013 estimate, and 2014 budgeted cost

[30] An RDFI's use of the FedACH risk management services could be enhanced with the inclusion of on-us items.

[31] In 2013, the Reserve Banks introduced a $0.30 high-value surcharge for both the senders and receivers of transfers exceeding $100 million.

[32] The Reserve Banks expect costs associated with the upgrades to peak in 2013 and 2014.

recovery performance for the Fedwire Securities Service.[33]

Table 13

Fedwire Securities Service Pro Forma Cost and Revenue Performance
($ 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)]
2012 (actual)	24.1	23.5	0.6	0.5	100.3%
2013 (estimate)	26.5	25.5	1.0	0.3	103.0%
2014 (budget)	25.1	25.1	0.0	0.3	98.5%

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1. *2013 Estimate*—The Reserve Banks estimate that the Fedwire Securities Service will recover 103.0 percent of total expenses and targeted ROE, compared with a 2013 budgeted recovery rate of 101.6 percent. The higher-than-expected cost recovery is primarily due to higher-than-projected volumes and associated revenue. Specifically, continued low mortgage rates have resulted in higher mortgage-backed securities issuance and thus higher issues maintenance and online transfer activity. In addition, account maintenance activity is higher than expected as customers have been closing empty accounts at a slower rate than originally projected. For the full year, the Reserve Banks expect total revenue to exceed the budget by 8.9 percent or $2.2 million.

2. *2014 Pricing*—The Reserve Banks project that the Fedwire Securities Service will recover 98.5 percent of total expenses and targeted ROE driven by a projected decrease in volume and revenue in 2014. The Reserve Banks project that revenue will decrease by $1.4 million compared with 2013 estimates. Expenses are expected to decrease by $0.4 million, partly reflecting higher Treasury reimbursements.[34] The Reserve Banks expect costs associated with the Fedwire modernization program to increase.

In calculating projected Fedwire Securities revenue for 2014, the Reserve Banks project that online transfer activity will decline by 7.6 percent, the number of accounts maintained will decrease by 6.2 percent, and the number of agency securities maintained will decrease by 1.2 percent. The estimated decrease in securities maintenance and online transfer activity reflects a lower issuance of mortgage-backed securities due to the recent uptick in mortgage rates. The number of accounts is also expected to decrease largely due to the historically high proportion of empty accounts, which customers continue to close.

The Reserve Banks propose no price change for the Fedwire Securities Service for 2014.

G. *FedLine Access*—The Reserve Banks charge fees for the electronic connections that depository institutions use to access priced services and allocate the costs and revenue associated with this electronic access to the various priced services. There are currently five FedLine channels through which customers can access the Reserve Banks' priced services: FedMail®, FedLine Web®, FedLine Advantage®, FedLine Command®, and FedLine Direct®.[35] The Reserve Banks package these channels into nine FedLine packages, described in the two paragraphs that follow, 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 a FedLine Advantage connection and a fixed number of FedACH, Fedwire Funds, and Check 21-enabled services.

Five attended access packages offer access to critical payment and information services via a web-based interface. The FedMail email package provides access to basic information services via fax or email, while two FedLine Web packages offer FedMail email options plus online attended access to a range of services, including cash services, FedACH information services, and check services. Two FedLine Advantage packages expand upon the FedLine Web packages and offer attended access to critical transactional services: FedACH, Fedwire Funds, and Fedwire Securities.

Four unattended access packages are computer-to-computer, IP-based interfaces designed for medium-to high-volume customers. The FedLine Command package offers an unattended connection to FedACH, as well as most accounting information services. The three remaining packages are FedLine Direct packages, which allow for unattended connections at one of three connection speeds to FedACH, Fedwire Funds, and Fedwire Securities transactional and information services and to most accounting information services.

Many of the FedLine access solutions fee changes in 2014 are designed to encourage customers to migrate to more efficient access solutions. The Reserve Banks will increase the fees on legacy services, such as an additional $10 per month for FedMail Fax, $500 per month for FedLine Direct (56K), $500 for a 56K additional connection, and $200 per month for the Dial-Only VPN surcharge.

In addition, the Reserve Banks will make other changes to FedLine pricing for 2014 to improve alignment of value and revenue. In particular, the Reserve

[33] 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.

[34] Treasury reimbursement is calculated largely by multiplying costs by the ratio of Treasury to agency transfers. In 2014, Treasury projects its transfer volume will remain flat, while the Reserve Banks expect agency transfers to decrease. Therefore, the higher projected ratio of Treasury to agency transfers will result in Treasury reimbursing a higher portion of total costs.

[35] FedMail, FedLine Web, FedLine Advantage, FedLine Command, and FedLine Direct are registered trademarks of the Federal Reserve Banks.

Banks will increase the monthly fees for FedLine Command Plus by $200 and monthly fees for Accounting Totals by Service Line (ACTS) reports.

The Reserve Banks will no longer include user subscriptions for priced services within FedLine packages. Depository institutions that wish to access priced services will be required to purchase user subscriptions in packs of five (5-packs). The FedMail email subscriber 5-pack will be $10 per month, and 5-packs for all other FedLine packages will be $80 per month. FedLine packages will continue to include unlimited subscriptions to nonpriced services.

The Reserve Banks will eliminate the FedComplete 100 product. Depository institutions will have the option to choose either the FedComplete 100 Plus or FedComplete 200 Plus packages, which are $775 and $1,300 per month, respectively. These FedComplete packages will include one FedLine subscriber 5-pack and one FedMail subscriber 5-pack.

II. Analysis of Competitive Effect

All operational and legal changes considered by the Board that have a substantial effect on payments system participants are subject to the competitive impact analysis described in the March 1990 policy, ''The Federal Reserve in the Payments System.'' [36] Under this policy, the Board assesses whether proposed changes would have a direct and material adverse effect on the 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 Board projects that the 2014 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 fees should permit the Reserve Banks to earn a ROE that is comparable to overall market returns and provide for full cost recovery over the long run.

[36] *Federal Reserve Regulatory Service,* 9–1558.

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FEDACH SERVICE 2014 FEE SCHEDULE

EFFECTIVE JANUARY 2, 2014. **BOLD INDICATES CHANGES FROM 2013 PRICES.**

	Fee
FedACH minimum monthly fee[37]	
Originating Depository Financial Institution (ODFI)	$35.00
Receiving Depository Financial Institution (RDFI)	$25.00
Origination (per item or record)[38,39]	
Forward or return items in small files	$0.0030
Forward or return items in large files	$0.0025
Addenda record	$0.0015
FedLine Web origination returns and notification of change (NOC) fee[40]	$0.35
Facsimile exception returns/NOC[41]	$45.00
Automated NOC fee	**$0.20**
Volume-based discounts (based on monthly receipt volume)	
Per item when receipt volume is 10,000,000 to 17,500,000 items per month	$0.0002 discount
Per item when receipt volume is more than 17,500,000 items per month	$0.0003 discount
Receipt (per item or record)[42]	
Forward item	$0.0025
Return items	$0.0075
Addenda record	$0.0015
RDFIs originating and receiving items on the same routing number	**$0.0025 discount**
Volume-based discounts (excluding FedACH SameDay service items)	
RDFIs receiving less than 90 percent of total network volume through FedACH	
Per item when volume is 1,000,001 to 12,500,000 items per month	$0.0007 discount
Per item when volume is more than 12,500,000 items per month	$0.0009 discount
RDFIs receiving at least 90 percent of FedACH-originated volume through FedACH	
Per item when volume is 1,000,001 to 2,500,000 items per month	$0.0007 discount
Per item when volume is 2,500,001 to 12,500,000 items per month	$0.0008 discount
Per item when volume is more than 12,500,000 items per month	$0.0010 discount
RDFIs receiving at least 90 percent of ACH volume originated through FedACH or EPN	
Per item when volume is 1,000,001 to 2,500,000 items per month	$0.0007 discount
Per item when volume is 2,500,001 to 12,500,000 items per month	$0.0009 discount
Per item when volume is more than 12,500,000 items per month	$0.0011 discount
FedACH SameDay Service	
Origination[43,44]	
Forward item in a small file	$0.0030 surcharge
Forward item in a large file	$0.0035 surcharge

[37] An ODFI is subject to a $35 minimum fee on its origination volume; an RDFI that does not originate forward items is subject to a $25 minimum fee on its receipt volume.
[38] Small files contain fewer than 2,500 items and large files contain 2,500 or more items. These origination fees do not apply to items that the Reserve Banks receive from EPN.
[39] Origination discounts apply only to those items received by FedACH receiving points.
[40] The fee includes the item and addenda fees in addition to the conversion fee.
[41] The fee includes the item and addenda fees in addition to the conversion fee. Reserve Banks also assess a $30 fee for every government paper return/NOC they process.
[42] Receipt fees do not apply to items that the Reserve Banks send to EPN.
[43] This per-item surcharge is in addition to the standard origination fees for forward items.
[44] This per-item discount is a reduction to the standard origination fees for return items.

Addenda record	$0.0015 surcharge
Return item in a small file	$0.0030 discount
Return item in a large file	$0.0025 discount
Return addenda record	$0.0015 discount
Receipt[45]	
Forward item	$0.0025 discount
Return item	$0.0075 discount
Addenda record/ return addenda record	$0.0015 discount
Monthly FedACH Risk Management fees [46]	
Risk Origination Monitoring Service/RDFI Alert Service package pricing	
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 585+ criteria sets	$1,100.00
Risk origination monitoring batch	
For 1 through 500,000 batches	**$0.007/batch**
For 500,000+ batches	**$0.0035/batch**

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[45] This per-item discount is a reduction to the standard receipt fees.
[46] Criteria may be set for both the origination monitoring service and the RDFI alert service.

Monthly FedPayments Reporter Service	
FedPayments Reporter Service package pricing includes	
Standard reports[47]	
ACH volume summary by SEC code report - customer[48]	
Daily return ratio report	
Monthly return ratio report	
Receiver setup report	
Report delivery via FedLine file access solution (monthly fee)	
For up to 50 reports	$35.00
For 51 through 150 reports	$55.00
For 151 through 500 reports	$100.00
For 501 through 1,000 reports	$180.00
For 1,001 through 1,500 reports	$260.00
For 1,501 through 2,500 reports	$420.00
For 2,501 through 3,500 reports	$580.00
For 3,501 through 4,500 reports	$740.00
For 4,501 through 5,500 reports	$900.00
For 5,501 through 7,000 reports	$1,100.00
For 7,001 through 8,500 reports	$1,300.00
For 8,501+ reports	$1,500.00
Premier reports[49]	
ACH volume summary by SEC code report - depository financial institution	
Reports 1 through 5	$10.00/report
Reports 6 through 10	$6.00/report
Reports 11+	$1.00/report
On Demand	$1.00/report surcharge
Monthly ACH routing number activity report	
Reports 1 through 5	$10.00/report
Reports 6 through 10	$6.00/report
Reports 11+	$1.00/report
On-us inclusion	
Participation fee	$10.00
Per-item fee	$0.0030
Per-addenda fee	$0.0015
Report delivery via encrypted email	$0.20/email
Other fees	
Monthly fee (per routing number)	
Account servicing fee[50]	**$45.00**

[47] Standard reports include Customer Transaction Activity, Death Notification, International (IAT), Notification of Change, Payment Data Information File, Remittance Advice Detail, Remittance Advice Summary, Return Item, Return Ratio, Social Security Beneficiary, and Originator Setup Reports.

[48] ACH volume summary by SEC code reports generated on demand are subject to a $1.00 per report surcharge.

[49] Premier reports generated on demand are subject to the tiered fees plus a surcharge.

[50] The account servicing fee applies to routing numbers that have received or originated FedACH transactions. Institutions that receive only U.S. government transactions through the Reserve Banks or that elect to use EPN exclusively are not assessed this fee.

FedACH settlement[51]	**$55.00**
Information extract file	$100.00
IAT Output File Sort	$75.00
Notification of change participation fee[52]	**$5.00**
Non-electronic input/output fee[53]	
CD or DVD input/output	$50.00
Paper input/output	$50.00
NACHA network administration fees[54]	
NACHA administration network fee/month (per routing number)	$12.00
NACHA administration network fee/entry	$0.000145
FedGlobal ACH Payments	
Canada service fee	
Item originated to Canada[55]	$0.62
Return received from Canada[56]	$0.99
Trace of item at receiving gateway	$5.50
Trace of item not at receiving gateway	$7.00
Mexico service fee	
Item originated to Mexico[55]	$0.67
Return received from Mexico[56]	$0.91
Item trace	$13.50
A2R item originated to Mexico[55, 57]	$3.45
F3X item originated to Mexico[56, 58]	$0.67
Panama service fee	
Item originated to Panama[55]	$0.72
Return received from Panama[56]	$1.00
Item trace	$7.00
NOC	$0.72
Latin America service fee	
A2R item originated to Latin America[55, 57]	$4.40
Return received from Latin America[56]	$0.72
Item trace	$5.00
Europe service fee	
Item originated to Europe[55]	$1.25
F3X item originated to Europe[56, 58]	$1.25
Return received from Europe[56]	$1.35
Item trace	$7.00

[51] The FedACH settlement fee is applied to any routing number with activity during a month, including institutions that elect to use EPN exclusively but also have items routed to or from customers that access the ACH network through FedACH. This fee does not apply to routing numbers that use the Reserve Banks for only U.S. government transactions.
[52] The notification of change fee is applied to any routing number with activity during a month. This fee does not apply to routing numbers that use the Reserve Banks for only U.S. government transactions.
[53] Limited services are offered in contingency situations.
[54] NACHA network administration fees are established by NACHA in accordance with *NACHA Operating Rules*, Article One (General Rules), Section 1.11 (Network Administration Fees).
[55] This per-item surcharge is in addition to the standard domestic origination and input file processing fees.
[56] This per-item surcharge is in addition to the standard domestic receipt fees.
[57] Account-to-receiver (A2R) allows funds from accounts at a U.S. depository institution to be retrieved by any receiver at either a participating bank location or a trusted, third-party provider.
[58] Payments are both transferred and received in foreign currency. The foreign exchange rate and settlement is managed and processed by participating U.S. depository institutions and the respective foreign gateway operators via their foreign correspondent banks.

FEDWIRE FUNDS AND NATIONAL SETTLEMENT SERVICES 2014 FEE SCHEDULE

EFFECTIVE JANUARY 2, 2014. **BOLD INDICATES CHANGES FROM 2013 FEE SCHEDULE.**

Fedwire Funds Service

	Fee
Monthly participation fee	**$90.00**
Basic volume-based pre-incentive transfer fee (originations and receipts)	
Per transfer for the first 14,000 transfers per month	**$0.69**
Per transfer for additional transfers up to 90,000 per month	**$0.24**
Per transfer for every transfer over 90,000 per month	**$0.14**
Volume-based transfer fee with the incentive discount (originations and receipts)[59]	
Per eligible transfer for the first 14,000 transfers per month	**$0.138**
Per eligible transfer for additional transfers up to 90,000 per month	**$0.048**
Per eligible transfer for every transfer over 90,000 per month	**$0.028**
Surcharge for offline transfers (originations and receipts)	$45.00
Surcharge for high-value payments > $10 million	**$0.15**
Surcharge for high-value payments > $100 million	**$0.36**
Surcharge for payment notification	$0.20
Surcharge for late-day transfer originations[60]	**$0.26**
Monthly FedPayments Manager import/export fee[61]	**$45.00**

National Settlement Service

Basic	
Settlement entry fee	**$1.50**
Settlement file fee	**$30.00**
Surcharge for offline file origination	$45.00
Minimum monthly charge (account maintenance)[62]	$60.00
Special settlement arrangements[63]	
Fee per day	$150.00

[59] 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 prior activity, then the customer qualifies automatically for incentive discounts for the year. The applicable incentive discounts are as follows:
$0.552 for transfers up to 14,000; $0.192 for transfers 14,001 to 90,000; and $0.112 for transfers over 90,000.
[60] This surcharge applies to originators of transfers that are processed by the Reserve Banks after 5:00 p.m. ET.
[61] 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.
[62] This minimum monthly charge is only assessed if total settlement charges during a calendar month are less than $60.
[63] Special settlement arrangements use Fedwire Funds transfers to effect settlement. Participants in arrangements and settlement agents are also charged the applicable Fedwire Funds transfer fee for each transfer into and out of the settlement account.

FEDWIRE SECURITIES SERVICE 2014 FEE SCHEDULE (NON-TREASURY SECURITIES)

EFFECTIVE JANUARY 2, 2014.

	Fee
Basic transfer fee	
Transfer or reversal originated or received	$0.54
Surcharge	
Offline origination & receipt surcharge	$66.00
Monthly maintenance fees	
Account maintenance (per account)	$40.00
Issues maintained (per issue/per account)	$0.54
Claim adjustment fee	$0.75
Joint custody fee	$40.00

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FEDLINE 2014 FEE SCHEDULE

EFFECTIVE JANUARY 2, 2014 **BOLD PRICES INDICATE CHANGES FROM 2013 FEE SCHEDULE**

FedComplete Packages (monthly)[64]

FedComplete 100 Plus $775.00

Includes: 7,500 FedForward transactions
70 FedReturn transactions
14,000 FedReceipt transactions
35 Fedwire funds origination transfers
35 Fedwire funds receipt transfers
Fedwire participation fee
1,000 FedACH origination items
FedACH minimum fee
7,500 FedACH receipt items
FedACH receipt minimum fee
10 FedACH web return/NOC
500 FedACH addenda originated
1,000 FedACH addenda received
FedACH account servicing
FedACH settlement
FedLine Advantage Plus
FedLine subscriber 5-pack
FedMail subscriber 5-pack

FedComplete 200 Plus $1,300.00

Includes: 25,000 FedForward transactions
225 FedReturn transactions
25,000 FedReceipt transactions
100 Fedwire funds origination transfers
100 Fedwire funds receipt transfers
Fedwire participation fee
2,000 FedACH origination items
FedACH minimum fee
25,000 FedACH receipt items
FedACH receipt minimum fee
20 FedACH web return/NOC
750 FedACH addenda originated
1,500 FedACH addenda received
FedACH account servicing
FedACH settlement
FedLine Advantage Plus
FedLine subscriber 5-pack
FedMail subscriber 5-pack

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

FedComplete Excess Volume Surcharge[65]	
FedForward	$0.01/item
FedReturn	$0.7500/item
Fedwire funds origination	$0.7000/item
FedACH origination	$0.0025/item
FedComplete package credit incentive[66]	($1,500.00)

FedLine Customer Access Solutions (monthly)[67]

FedMail Email with no priced services subscriptions	$40.00
FedLine Web	$110.00

Includes: FedMail e-mail
FedLine Web **with no priced services subscriptions**
FedACH information services (includes RDFI file alert service)
Check 21 services[68]
Check 21 duplicate notification
Check adjustments
Service charge information
Account management information[69]

FedLine Web Plus	$140.00

Includes: FedLine Web traditional package **with no priced services subscriptions**
FedACH risk management services
FedACH FedPayments Reporter Service via secure e-mail
Check payor bank services
Account management information
Cash management service basic – own report only
Various accounting services (ABMS inquiry, IAS/PSR inquiry, IAS detailed inquiries, notifications and advices, end-of-day accounting file (PDF)

FedLine Advantage	$380.00

Includes: FedLine Web traditional package **with no priced services subscriptions**
FedACH transactions
Fedwire funds transactions
Fedwire securities transactions
Fedwire cover payments
Check payor bank services

[65] Per-item surcharges are in addition to the standard fees listed in the applicable priced services fee schedules.
[66] New FedComplete package customers with a new FedLine Advantage connection are eligible for a one-time $1,500 credit applied to their Federal Reserve service charges. Customers receiving credit must continue using the FedComplete package for a minimum of six months or forfeit the $1,500 credit.
[67] VPN hardware for FedLine Advantage and FedLine Command is billed directly by the vendor. A list of fees can be found at http://www.frbservices.org/files/servicefees/pdf/access/2013_vendor_fees.pdf.
[68] Check 21 services can be accessed via three options: FedLine Web, an Internet connection with Axway Secure Transport Client, or a dedicated connection using Connect:Direct.
[69] Daylight Overdraft Report, Ex-Post Activity Snapshot, and Integrated Accounting Statements are available via FedMail.

Account management information
Various accounting services (ABMS inquiry, IAS/PSR inquiry, IAS detailed inquiries, notifications and advices, end-of-day accounting file (PDF)

FedLine Advantage Plus $425.00

Includes: FedLine Advantage traditional package **with no priced services subscriptions**

FedACH risk management services
FedACH FedPayments Reporter Service via secure e-mail
Fedwire Funds FedPayments Manager import/export
FedTransaction Analyzer
Account management information with intra-day search

FedLine Command Plus **$1,000.00**

Includes: FedLine Advantage Plus package **with no priced services subscriptions**

FedLine Command with two certificates
Fedwire statement services
ACTS Report <20 subaccounts
Statement of account spreadsheet file (SASF)
Financial Institution Reconcilement Data File (FIRD)
Billing Data Format File (BDFF)

FedLine Direct **$4,200.00**

Includes:

FedLine Advantage traditional package **with no priced services subscriptions**
56K Dedicated WAN Connection
FedLine Command with two certificates
FedLine Direct with two certificates
Fedwire statement services
Account management information with intra-day search
Intra-day file (I-Day CI File)
Statement of Account Spreadsheet File (SASF)
Financial Institution Reconcilement Data File (FIRD)
Billing Data Format File (BDFF)

FedLine Direct Plus $3,600.00

Includes: FedLine Direct traditional package **with no priced services subscriptions**
56K or 256K Dedicated WAN Connection
FedACH risk management services
FedACH FedPayments Reporter Service via secure e-mail
Fedwire Funds FedPayments Manager import/export
FedTransaction Analyzer

FedLine Direct Premier	$6,500.00
Includes: FedLine Direct Plus package **with no priced services subscriptions**	
T1 Dedicated WAN Connection	
A La Carte Options (monthly)[70]	
Electronic Access	
FedMail subscriber[71]	**$10.00**
FedLine subscriber	$80.00
Additional FedLine Command certificate[72]	$100.00
Additional FedLine Direct certificate[73]	$100.00
Maintenance of additional virtual private network device	$60.00
FedLine Advantage 800# Usage (per hour)	$3.00
Dial-Only VPN surcharge	**$600.00**
Additional dedicated connections[74]	
56K	**$3,100.00**
256K	$2,500.00
T1	$3,200.00
FedLine international setup (one-time fee)	$5,000.00
FedLine Direct contingency solution[75]	$1,000.00
Check 21 large file delivery	various
FedMail Fax	**$60.00**
VPN device modification	$200.00
VPN device modification emergency surcharge	$200.00
VPN device missed activation appointment	$175.00
VPN device expedited hardware surcharge	$100.00
VPN device replacement or move	$300.00
Expedited legacy VPN device order/change	$500.00
Accounting Information Services	
Cash Management System[76]	
Basic – Individual respondent and/or sub-account reports (per report/month)	$25.00
Basic – Respondent/sub-account recap report (per month)	$100.00
Plus – Own report—up to six files with no respondent/sub-account activity (per month)	$60.00
Plus – Own report—up to six files with less than 10 respondent and/or sub-accounts (per month)	$125.00
Plus – Own report—up to six files with 10-50 respondent and/or sub-accounts (per month)	$250.00
Plus – Own report—up to six files with 51-100 respondents and/or sub-accounts (per month)	$500.00
Plus – Own report—up to six files with 101-500 respondents and/or sub-accounts (per month)	$750.00

[70] These add-on services can be purchased only with a FedLine Customer Access Service option.
[71] There are no priced services subscriptions contained in the FedMail or FedLine packages.
[72] Additional FedLine Command Certificates available for FedLine Command and Direct packages only.
[73] Additional FedLine Direct Certificates available for FedLine Direct packages only. 56K option is available for new orders.
[74] Network diversity supplemental charge of $2,000 a month may apply in addition to these fees.
[75] Transparent contingency is available only for FedLine Direct Plus & Premier packages.
[76] Cash Management Service options are limited to Plus and Premier packages.

Plus – Own report—up to six files with >500 respondents and/or sub-accounts	$1,000.00
End-of-day financial institution reconcilement data file (per month)[77]	$150.00
Statement of account spreadsheet file (per month)[78]	$150.00
Intra-day download search file (with AMI) (per month)[79]	$150.00
ACTS Report – < 20 sub-accounts	**$500.00**
ACTS Report – 21-40 sub-accounts	**$1,000.00**
ACTS Report – 41-60 sub-accounts	**$1,500.00**
ACTS Report – >60 sub-accounts	**$2,000.00**

[77] End of Day Reconcilement File option is available to FedLine Web Plus and FedLine Advantage Plus packages.
[78] Statement of Account Spreadsheet File option is available to FedLine Web Plus and FedLine Advantage Plus packages.
[79] ACTS Report options are limited to FedLine Command Plus and FedLine Direct Plus and Premier packages.

By order of the Board of Governors of the Federal Reserve System, October 31, 2013.

Robert deV. Frierson,

Secretary of the Board.

[FR Doc. 2013–26560 Filed 11–5–13; 8:45 am]

BILLING CODE 6210–01–C

DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[OMB Control No. 9000–0096; Docket No. 2013–0077; Sequence No. 10]

Federal Acquisition Regulation; Submission for OMB Review; Patents

AGENCIES: Department of Defense (DOD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Notice of request for comments regarding an extension to an existing OMB clearance.

SUMMARY: Under the provisions of the Paperwork Reduction Act, the Regulatory Secretariat will be submitting to the Office of Management and Budget (OMB) a request to review and approve an extension of a previously approved information collection requirement concerning patents.

DATES: Submit comments on or before December 6, 2013.

ADDRESSES: Submit comments identified by Information Collection 9000–0096, Patents, by any of the following methods:

- *Regulations.gov: http://www.regulations.gov.*

Submit comments via the Federal eRulemaking portal by searching for ''9000–0096; Patents''. Select the link ''Submit a Comment'' that corresponds with ''Information Collection 9000–0096, Patents''. Follow the instructions provided at the ''Submit a Comment'' screen. Please include your name, company name (if any), and ''Information Collection 9000–0096, Patents'' on your attached document.

- *Fax:* 202–501–4067.
- *Mail:* General Services Administration, Regulatory Secretariat Division (MVCB), IC 9000–0096, 1800 F Street NW., 2nd Floor, Washington, DC 20405.

Instructions: Please submit comments only and cite Information Collection 9000–0096, Patents, in all correspondence related to this collection. Submit comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: FAR Desk Officer, OMB, Room 10102, NEOB, Washington, DC 20503. All comments received will be posted without change to *http://www.regulations.gov,* including any personal and/or business confidential information provided.

FOR FURTHER INFORMATION CONTACT: Ms. Marissa Petrusek, Procurement Analyst, at 202–501–0136. For information pertaining to status or publication schedules, contact the Regulatory Secretariat at 202–501–4755.

SUPPLEMENTARY INFORMATION:

A. Purpose

The patent coverage in Federal Acquisition Regulation (FAR) subpart 27.2 requires the contractor to report each notice of a claim of patent or copyright infringement that came to the contractor's attention in connection with performing a Government contract (FAR 27.202–1 and 52.227–2).

The contractor is also required to report all royalties anticipated or paid in excess of $250 for the use of patented inventions by furnishing the name and address of licensor, date of license agreement, patent number, brief description of item or component, percentage or dollar rate of royalty per unit, unit price of contract item, and number of units (FAR 27.202–5, 52.227–6, and 52.227–9).

Public comments are particularly invited on: Whether this collection of information is necessary for the proper performance of functions of the FAR, and whether it will have practical utility; whether our estimate of the public burden of this collection of information is accurate, and based on valid assumptions and methodology; ways to enhance the quality, utility, and clarity of the information to be collected; and ways in which we can minimize the burden of the collection of information on those who are to respond, through the use of appropriate technological collection techniques or other forms of information technology.

A notice was published in the **Federal Register** at 78 FR 30304, on May 22, 2013.

B. Analysis of Public Comments

Two respondents submitted comments on the extension of the previsouly approved information collection. The analysis of the public comment is summarized as follows:

A. Approval To Extend This Information Collection Requirement

Comment: One respondent commented that the extension of the information collection would violate the fundamental purposes of the Paperwork Reduction Act because the analysis significantly underestimates the paperwork burden imposed by this requirement and has therefore not provided sufficient justification for the requested extension. The respondent further stated that the agency and OMB