DATE & TIME: Tuesday, November 10, 2015 at 10:00 a.m.

PLACE: 999 E Street NW., Washington, DC (Ninth Floor)

STATUS: This meeting will be open to the public.

Federal Register Notice of Previous Announcement—80 FR 68539

CHANGE IN THE MEETING: The meeting will continue on Tuesday, November 17, 2015 at 10:00 a.m.

Individuals who plan to attend and require special assistance, such as sign language interpretation or other reasonable accommodations, should contact Shawn Woodhead Werth, Secretary and Clerk, at (202) 694–1040, at least 72 hours prior to the meeting date.

PERSON TO CONTACT FOR INFORMATION: Judith Ingram, Press Officer, Telephone: (202) 694–1220.

Shelley E. Garr,

Deputy Secretary of the Commission.

[FR Doc. 2015–29278 Filed 11–12–15; 11:15 am]

BILLING CODE 6715–01–P

FEDERAL RESERVE SYSTEM

[Docket No. OP–1522]

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 2016 of $13.1 million and the 2016 fee schedules for Federal Reserve priced services and electronic access. These actions were taken in accordance with the Monetary Control Act of 1980, which requires that, over the long run, fees for Federal Reserve priced services be established on the basis of all direct and indirect costs, including the PSAF.

DATES: The new fee schedules become effective January 1, 2016.

FOR FURTHER INFORMATION CONTACT: For questions regarding the fee schedules: Susan V. Foley, Senior Associate Director, (202) 452–3596; Slavea A. Assenova, Financial Services Analyst, (202) 452–2087, Division of Reserve Bank Operations and Payment Systems. For questions regarding the PSAF: Gregory L. Evans, Deputy Associate Director, (202) 452–3945; Lawrence Mize, Deputy Associate Director, (202) 452–5232; Manuel Garcia, Senior Financial Analyst, (202) 452–3480, 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 2016 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, Priced Services Cost Recovery, and Overview of 2016 Price Changes

A. Overview—Each year, as required by the Monetary Control Act of 1980, the Reserve Banks set fees for priced services provided to 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 2005 through 2014, the Reserve Banks recovered 102.9 percent of their total expenses (including imputed costs) and targeted after-tax profits or return on equity (ROE) for providing priced services.[1]

Table 1 summarizes 2014 actual, 2015 estimated, and 2016 budgeted cost-recovery rates for all priced services. Cost recovery is estimated to be 104.1 percent in 2015 and budgeted to be 101.9 percent in 2016.

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

[Dollars in millions]

Year	Revenue 1 [b]	Total expense 2 [c]	Net income 3	Targeted ROE 4 [d]	Recovery rate after targeted ROE [1/(2+4)] 5 [e]
2014 (actual)	433.1	418.7	14.5	5.5	102.1%
2015 (estimate)	427.1	404.6	22.6	5.6	104.1%
2016 (budget)	426.9	414.9	12.0	4.1	101.9%

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

[b] Revenue includes imputed income on investments when equity is imputed at a level that meets minimum capital requirements and, when combined with liabilities, exceeds total assets (attachment 1).

[c] The calculation of total expense includes operating, imputed, and other expenses. Imputed and other expenses include taxes, Board of Governors' priced services expenses, the cost of float, and interest on imputed debt, if any. Credits or debits related to the accounting for pension plans under FAS 158 [ASC 715] are also included.

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

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

Table 2 provides an overview of cost-recovery performance for the ten-year period from 2005 to 2014, 2014 actual, 2015 budget, 2015 estimate, and 2016 budget by priced service.

[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 in equity from 2005 to 2014 results in cost recovery of 95.1 percent for the ten-year period. This measure of long-run cost recovery is also published in the Board's *Annual Report.*

TABLE 2—PRICED SERVICES COST RECOVERY

[Percent]

Priced service	2005–2014	2014 actual	2015 budget [a]	2015 estimate	2016 budget [b]
All services	102.9	102.1	102.0	104.1	101.9
Check	103.7	115.6	105.2	110.1	106.7
FedACH	100.0	86.7	100.4	100.0	99.0
Fedwire Funds and NSS	101.9	103.2	100.7	100.7	100.0
Fedwire Securities	102.3	104.1	97.5	105.7	98.7

[a] The 2015 budget figures reflect the final budgets as approved by the Board in December 2014.
[b] The 2016 budget figures reflect preliminary budget information from the Reserve Bank. The Reserve Banks will submit final budget data to the Board in November 2015, for Board consideration in December 2015.

1. *2015 Estimated Performance*—The Reserve Banks estimate that they will recover 104.1 percent of the costs of providing priced services in 2015, including total expense and targeted ROE, compared with a 2015 budgeted recovery rate of 102.0 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 $22.6 million, compared with the targeted ROE of $5.6 million. The Reserve Banks estimate that all services will achieve full cost recovery, despite higher-than-budgeted pension expenses. Greater-than-expected check volume processed by the Reserve Banks has been the single most significant factor influencing priced services cost recovery.

2. *2016 Private-Sector Adjustment Factor*—The 2016 PSAF for Reserve Bank priced services is $13.1 million. This amount represents a decrease of $4.9 million from the 2015 PSAF of $18.0 million. This decrease is primarily the result of a reduction in the assets to be financed on the imputed priced-services balance sheet and an associated decline in the cost of debt and equity.

3. *2016 Projected Performance*—The Reserve Banks project a priced services cost-recovery rate of 101.9 percent in 2016, with net income of $12.0 million, compared with a targeted ROE of $4.1 million. The Reserve Banks project that the check service and the Fedwire® Funds and National Settlement Service will fully recover their costs; however, the Reserve Banks project that the FedACH® Service and the Fedwire Securities Service will not achieve full cost recovery because of investment costs associated with multiyear technology initiatives to modernize their processing platforms.[2] These investments are expected to enhance efficiency, the overall quality of operations, and 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 operating costs, to increase product revenue, and to capitalize on efficiencies gained from technology initiatives.

4. *2016 Pricing*—The following summarizes the Reserve Banks' changes in fee schedules for priced services in 2016:

Check

• The Reserve Banks will increase the per-item fee for FedReturn® items that are qualified to the Reserve Bank in instances in which the bank of first deposit cannot be identified from $8 to $15.

• The Reserve Banks will increase the fees for traditional paper check forward and return collection deposits. The Reserve Banks will increase the per-item fee for paper forward deposits from $2.00 to $2.50 and the per-item fee for each unencoded item from $1.00 to $1.50.[3] The Reserve Banks will increase the per-item fee for paper return-collection deposits from $5.00 to $5.50 and the per-item fee for unqualified paper returns from $7.00 to $7.50. The Reserve Banks will discontinue image retrievals by fax for both incoming and outgoing retrievals within FedImage® Services.[4]

• The Reserve Banks will introduce Select Mixed Level 3 to the Select Mixed image cash letter (ICL) product.[5] The new level will have a daily fee of $3,000 and per-item fees from $0.002 to $0.350.

• The Reserve Banks will eliminate the FedForward® Fine Sort (ICL) product in January 2017 as part of the Reserve Banks' effort to reflect today's electronic check processing environment in their check fee schedule.[6] To encourage depositors to shift volume from the fine-sort products to mixed deposit options in advance of this elimination, the Reserve Banks will increase the FedForward Fine Sort ICL product per-item fees at the 9 p.m., 1 a.m., and 5 a.m. deadlines by $0.002, $0.004, and $0.006, respectively.[7] The Reserve Banks will increase the FedForward Deferred Fine Sort ICL product per-item fees at the 1 a.m., 5

[2] The Reserve Banks have been engaged in a multiyear technology initiative to modernize the FedACH processing platform by migrating the service from a mainframe system to a distributed computing environment. In late 2013, the Reserve Banks conducted an assessment focused on the viability and cost-effectiveness of the program. As a result, the Reserve Banks in 2014 suspended the program and began to investigate the use of other technology solutions. In 2015, the Reserve Banks evaluated alternative processing solutions, including commercially available options.

[3] Unencoded items are those items deposited without encoding of certain elements, such as amount, added to the magnetic ink character recognition (MICR) line.

[4] FedImage Services offer depository institutions products for the capture, archive, and retrieval of check images. A current list of services can be found at *https://www.frbservices.org/serviceofferings/check/fed_image_services.html.*

[5] A current list of Select Mixed endpoints can be found at *https://www.frbservices.org/servicefees/check21_endpoint_listing.html.*

[6] In a paper check processing environment, the fine sort product allowed the Reserve Banks to gain efficiencies because the checks did not require processing on reader-sorters. In today's electronic check processing environment, all image cash letters are processed through the Reserve Banks' electronic system in the same manner, and the Reserve Banks do not gain any efficiencies by having the depositing bank fine sort electronic checks prior to deposit.

[7] All times are stated in the Eastern Time zone (ET).

Depository institutions may deposit image cash letters using nine deposit options within the FedForward product line; the options vary in price structure and funds availability. 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 deposit options can be found at *https://www.frbservices.org/servicefees/check_services_2015.html.*

a.m., and 10 a.m. deadlines by $0.004, $0.006, and $0.008, respectively.

• In addition to the above changes, the Reserve Banks plan to announce further modifications to the check fee schedule during 2016 that reflect the efficiencies of today's electronic check processing environment. The new schedule may include elimination of certain sorted deposit options and modifications to the current endpoint-based tiered pricing structure.

FedACH

• The Reserve Banks will increase the minimum monthly fee for forward origination from $35 to $45.[8]

• The Reserve Banks will increase the minimum monthly fee for receipt from $25 to $35.[9]

• The Reserve Banks will eliminate the large file and small file per-item fees and introduce a single base fee of $0.0032 for all origination files. The Reserve Banks will provide a discount of $0.0005 for origination volume between 750,000 to 1,500,000 items per month and $0.0007 for origination volume greater than 1,500,000 items per month.

• The Reserve Banks will lower the top-tier volume origination discount level based on monthly receipt volume from 17,500,000 to 15,000,000 items per month, while maintaining the current discount amounts.[10]

• The Reserve Banks will increase the forward item receipt fee from $0.0025 to $0.0032 per item, while keeping the return item receipt fee at $0.0075 per item.

• The Reserve Banks will change the volume-based receipt discount structure to encourage additional receipt volume. The changes will include a decrease in the first volume-based discount by 250,000 items per month to 750,001 items a month, the introduction of a new volume-based discount tier for volume between 1,500,001 and 2,500,000 items per month, and an increase for all existing volume-based receipt discounts by $0.0007.[11]

• The Reserve Banks will implement a $20 monthly billing discount for any customer that pays the origination minimum fee, subscribes to a FedLine Web® Plus or higher package, and subscribes to either FedACH RDFI Alert, FedACH Risk® Origination Monitoring, or FedPayments® Reporter. In addition to the above changes, the Reserve Banks plan to reassess the FedGlobal® ACH fee schedule during 2016.

Fedwire Funds and National Settlement

• The Reserve Banks will increase the Tier 1 per-item pre-incentive fee from $0.73 to $0.79 per transaction, increase the Tier 3 per-item pre-incentive fee from $0.150 to $0.155 per transaction, and leave Tier 2 per-item pre-incentive fees unchanged.[12]

• The Reserve Banks will increase the surcharge for offline transactions from $50 to $55. The Reserve Banks will increase the monthly participation fee from $90 to $95.

Fedwire Securities and National Settlement Services

• The Reserve Banks will keep prices at existing levels for the priced Fedwire Securities and National Settlement Services.

FedLine® Access Solutions

• The Reserve Banks will increase the fee for the FedLine Exchange℠ subscriber pack by $5 per month.[13] The Reserve Banks will keep all other existing FedLine fees unchanged.

• The Reserve Banks will introduce a 256K/T1 legacy router surcharge of $5,000 per month to encourage customers to migrate to more efficient access solutions.[14]

• The Reserve Banks will introduce a fee for customers that choose to implement FedLine using a customized (nonstandard) router setup. The fee will vary from $2,500 to $5,000 based on the complexity of the setup.

• The Reserve Banks will include two virtual private network (VPN) devices in the FedLine Direct® Premier package (rather than one) to align better with the FedLine Advantage® Premier package.

• Depository institutions with more than 250 Fedwire transactions per month, or more than one routing number, will only have access to the FedPayments Manager Import/Export (FPM) tool via FedLine Advantage Premier.[15] Affected customers will experience a fee increase ranging from $15 to $75 per month to upgrade to FedLine Advantage Premier.

5. *2016 Price Index*—Figure 1 compares indexes of fees for the Reserve Banks' priced services with the GDP price index.[16] The price index for Reserve Bank priced services is projected to increase approximately 1 percent in 2016 from the 2015 level. The price index for Check 21 services is projected to increase less than 1 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 5 percent. The price index for the Fedwire Securities Services is projected to decrease nearly 1 percent. For the period 2006 to 2015, the price index for total priced services is expected to decrease 26 percent.

BILLING CODE 6210–01–P

[8] Any originating depository financial institution (ODFI) incurring less than $45 for the following fees will be charged the difference to reach the minimum: Forward value and nonvalue item origination fees, FedGlobal ACH origination surcharges, and FedACH SameDay forward origination surcharges.

[9] Any receiving depository financial institution (RDFI) originating forward value and nonvalue items below the minimum level and incurring less than $35 in receipt fees will be charged the difference to reach the minimum based on origination. RDFIs not originating forward value and nonvalue items will incur the $35 minimum monthly fee for receipt.

[10] Origination discounts apply only to those items received by FedACH receiving points and are available only to Premium Receivers.

[11] Premium Receivers (institutions receiving a certain portion of volume through FedACH) with volume greater than 1,500,000 items a month will receive the increased discount for all items received.

[12] 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 transfers over 60 percent of a customer's historic benchmark volume.

[13] FedLine packages do not include user subscriptions for priced services. Depository institutions that wish to access priced services must purchase user subscriptions in packs of five (5-packs).

[14] The $5,000 per month surcharge will be effective July 1, 2016. The price will increase to $10,000 per month on September 1, 2016 and $20,000 per month on November 1, 2016.

[15] These customers are generally large institutions that may benefit from the expanded suite of services included in the FedLine Advantage Premier package. For example, large customers may benefit from the enhanced contingency preparedness solutions (such as a secondary VPN device) that are included in FedLine Premier packages.

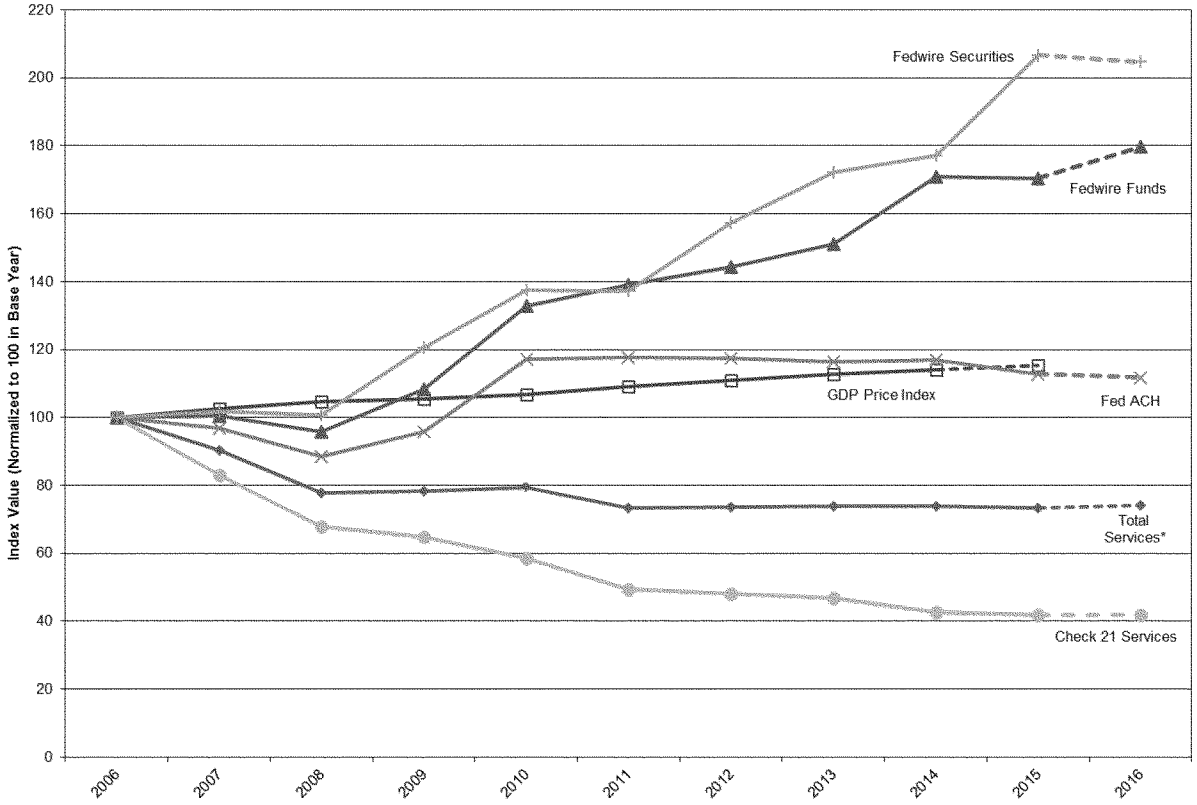
FedComplete Plus customers with more than 250 Fedwire transactions per month that use the FPM tool will also be transferred to FedComplete Premier packages with the associated fee increase because FedComplete Plus packages incorporate FedLine Advantage Plus. The transfer will affect about 10 current FedCompelete customers.

[16] For the period 2006 to 2014, the GDP price index increased 15 percent.

FIGURE 1

2016 Price Index

PRICE INDEXES FOR FEDERAL RESERVE PRICED SERVICES



* Total Services excludes legacy paper services which now have minimal volume and are expected to generate less than $9 million in revenue in 2016.

BILLING CODE 6210–01–C

B. Private Sector Adjustment Factor—The imputed debt financing costs, targeted ROE, and effective tax rate are based on a U.S. publicly traded firm market model.[17] The method for calculating the financing costs in the PSAF requires determining the appropriate imputed levels of debt and equity and then applying the applicable financing rates. In this process, a pro forma balance sheet using estimated assets and liabilities associated with the Reserve Banks' priced services is developed, and the remaining elements that would exist are imputed as if these priced services were provided by a private business firm. The same generally accepted accounting principles that apply to commercial-entity financial statements apply to the relevant elements in the priced services pro forma financial statements.

The portion of Federal Reserve assets that will be used to provide priced services during the coming year is determined using information about actual assets and projected disposals and acquisitions. The priced portion of these assets is determined based on the allocation of depreciation and amortization expenses of each asset class. The priced portion of actual Federal Reserve liabilities consists of postemployment and postretirement benefits, accounts payable, and other liabilities. The priced portion of the actual net pension asset or liability is also included on the balance sheet.[18]

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

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

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

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

Capital structure. The capital structure is imputed based on the imputed funding need (assets less liabilities), subject to minimum equity constraints. Short-term debt is imputed to fund the imputed short-term funding need. Long-term debt and equity are imputed to meet the priced services long-term funding need at a ratio based on the capital structure of the U.S. publicly traded firm market. The level of equity must meet the minimum equity constraints, which follow the FDIC requirements for a well-capitalized institution. The priced services must maintain equity of at least 5 percent of total assets and 10 percent of risk-weighted assets.[19] Any equity imputed that exceeds the amount needed to fund the priced services' assets and meet the minimum equity constraints is offset by a reduction in imputed long-term debt. When imputed equity is larger than what can be offset by imputed debt, the excess is imputed as investments in Treasury securities; income imputed on these investments reduces the PSAF.

Application of the Payment System Risk (PSR) Policy to the Fedwire Services. The Board's PSR policy reflects the new international standards for financial market infrastructures (FMIs) developed by the Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions in the *Principles for Financial Market Infrastructures.* The revised policy retains the expectation that the Fedwire Services meet or exceed the applicable risk-management standards. Principle 15 states that an FMI should identify, monitor, and manage general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialize. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services. The Fedwire Services do not face the risk that a business shock would cause the service to wind down in a disorderly manner and disrupt the stability of the financial system. In order to foster competition with private-sector FMIs, however, the Reserve Banks' priced services will hold six months of the Fedwire Funds Service's current operating expenses as liquid financial assets and equity on the pro forma balance sheet.[20] Current operating expenses are defined as normal business operating expenses on the income statement less depreciation, amortization, taxes, and interest on debt. The Fedwire Funds Service's six months of current operating expenses are computed based on its preliminary 2016 budget at $53.8 million. In 2016, $51.1 million of equity was imputed to meet the FDIC capital requirements; however, an additional $2.7 million of equity was imputed to meet the PSR policy requirement. The additional equity is solely allocated to Fedwire Funds Service.

Effective tax rate. Like the imputed capital structure, the effective tax rate is calculated based on data from U.S. publicly traded firms. The tax rate is the mean of the weighted average rates of the U.S. publicly traded firm market over the past 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 (AA and A2/P2) 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 short-term debt, long-term debt, and equity needed to finance short- and long-term assets and meet equity requirements.

The decrease in the 2016 PSAF is primarily due to lower financing costs as a result of fewer priced services assets to be financed than in 2015. Debt and equity financing rates declined and less debt and equity was imputed to fund priced services assets.

Projected 2016 Federal Reserve priced-services assets, reflected in table 3, have decreased $486.3 million from 2015. This reduction is primarily due to a $589.0 million decrease in the balance of imputed investments in federal funds, driven by recent changes in the PSR policy resulting in a decrease in daily float balances and a corresponding effect on imputed investments. The reduction is offset by an increase of $170.0 million from 2015 in items in process of collection. As shown in table 3, imputed equity for 2016 is $53.8 million, a decrease of $18.1 million from the equity imputed for 2015. In accordance with FAS 158 [ASC 715], this amount includes an accumulated other comprehensive loss of $666.1 million.

Table 4 reflects the portion of short- and long-term assets that must be financed with actual or imputed liabilities and equity. Debt and equity imputed to fund the 2016 priced services assets within the observed market leverage ratio produced an equity level that did not meet the FDIC minimum equity requirements. As a result, additional equity was imputed to meet the FDIC requirements, and imputed long-term debt was reduced. The ratio of capital to risk-weighted assets exceeds the required 10 percent of risk-weighted assets and equity exceeds 5 percent of total assets (table 6). In 2015, long-term debt and equity was imputed to meet the asset funding requirements and reflects the leverage ratio observed in the market; additional equity of $7.6 million was required (table 5) to meet the market leverage ratio.

Table 5 shows the derivation of the 2016 and 2015 PSAF. Financing costs for 2016 are $6.1 million lower than in 2015. In addition to the decline in the levels of debt and equity mentioned above, the cost of equity declined 3 basis points. The reduced equity balance and the lower cost of equity result in a pretax ROE that is $2.0 million lower than the 2015 pretax ROE. Imputed sales taxes declined to $2.8 million in 2016 from $3.3 million in 2015. The priced services portion of the Board's expenses increased $1.7 million to $5.0 million in 2016 from $3.3 million in 2015. The effective income tax rate used in 2016 decreased to 21.6 percent from 22.4 percent in 2015.

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

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

TABLE 3—COMPARISON OF PRO FORMA BALANCE SHEETS FOR BUDGETED FEDERAL RESERVE PRICED SERVICES

[Millions of dollars—projected average for year]

	2016	2015	Change
Short-term assets:			
Receivables	$35.6	$34.5	$1.0
Materials and supplies	0.5	0.6	(0.1)
Prepaid expenses	10.2	11.0	(0.9)
Items in process of collection[21]	321.0	151.0	170.0
Total short-term assets	367.2	197.2	170.1
Imputed investments:[22]			
Imputed investment in Treasury Securities	55.8	.....	55.8
Imputed investment in Fed Funds	11.0	600.00	(589.0)
Total imputed investments	66.8	600.00	(533.2)
Long-term assets:			
Premises[23]	111.0	116.2	(5.2)
Furniture and equipment	38.5	39.9	(1.5)
Leasehold improvements and long-term prepayments	89.5	91.5	(2.0)
Pension asset	.....	79.6	(79.6)
Deferred tax asset	187.9	222.8	(35.0)
Total long-term assets	426.8	550.0	(123.2)
Total assets	860.9	1,347.2	(486.3)
Short-term liabilities:			
Deferred credit items	332.0	751.0	(419.0)
Short-term debt	19.0	18.5	0.5
Short-term payables	27.2	27.6	(0.4)
Total short-term liabilities	378.2	797.2	(418.9)
Long-term liabilities:			
Pension liability	17.6	.....	17.6
Long-term debt	.....	81.9	(81.9)
Postemployment/postretirement benefits and net pension liabilities[24]	411.3	396.3	15.0
Total liabilities	807.1	1,275.3	(468.3)
Equity[25]	53.8	71.9	(18.1)
Total liabilities and equity	860.9	1,347.2	(486.3)

TABLE 4—IMPUTED FUNDING FOR PRICED-SERVICES ASSETS

[Millions of dollars]

	2016	2015
A. Short-term asset financing		
Short-term assets to be financed:		
Receivables	$35.6	$34.5
Materials and supplies	0.5	0.6
Prepaid expenses	10.2	11.0
Total short-term assets to be financed	46.2	46.2
Short-term payables	27.2	27.6
Net short-term assets to be financed	19.0	18.5

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

[22] Consistent with the Board's PSR policy, the Reserve Banks' priced services will hold six months of the Fedwire Funds Service's current operating expenses as liquid net financial assets and equity on the pro forma balance sheet. Six months of the Fedwire Funds Service's projected current operating expenses is $53.8 million. In 2016, $51.1 million of equity was imputed to meet the regulatory capital requirements; however, an additional $2.7 million of equity was imputed to meet the PSR policy requirement.

[23] Includes the allocation of Board of Governors assets to priced services of $1.3 and $0.7 million for 2016 and 2015, respectively.

[24] Includes the allocation of Board of Governors liabilities to priced services of $0.6 million for 2016 and 2015.

[25] Includes an accumulated other comprehensive loss of $666.1 million for 2016 and $523.7 million for 2015, 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—Continued

[Millions of dollars]

	2016	2015
Imputed short-term debt financing [26]	19.0	18.5
B. Long-term asset financing		
Long-term assets to be financed:		
Premises	111.0	116.2
Furniture and equipment	38.5	39.9
Leasehold improvements and long-term prepayments	89.5	91.5
Pension asset	.....	79.6
Deferred tax asset	187.9	222.8
Total long-term assets to be financed	426.8	550.0
Pension liability	17.6	.....
Postemployment/postretirement benefits and net pension liabilities	411.3	396.3
Net long-term assets to be financed	(2.0)	153.8
Imputed long-term debt [26]	.....	81.9
Imputed equity [26]	53.8	71.9
Total long-term financing	53.8	153.8

TABLE 5—DERIVATION OF THE 2016 AND 2015 PSAF

[Dollars in millions]

	2016		2015	
	Debt	Equity	Debt	Equity
A. Imputed long-term debt and equity				
Net long-term assets to finance	$(2.0)	$(2.0)	$153.8	$153.8
Capital structure observed in market	58.5%	41.5%	58.2%	41.8%
Pre-adjusted long-term debt and equity	$(1.2)	$(0.8)	$89.5	$64.3
Equity adjustments [27]:				
Equity to meet capital requirements	.....	51.1	.....	71.9
Adjustment to debt and equity funding given capital requirements [28]	1.2	(1.2)	(7.6)	7.6
Adjusted equity balance	.....	(2.0)	.....	71.9
Equity to meet capital requirements [29]	.....	53.1	.....	.....
	.....	$51.1	$81.9	$71.9
B. Cost of capital:				
Elements of capital costs				
Short-term debt [30]	$19.0 × 0.3% = $0.1		$18.5 × 0.2% = $0.0	
Long-term debt [30]	× 4.2% =		81.9 × 5.0% = 4.1	
Equity [31]	51.1 × 9.8% = 5.0		71.9 × 10.1% =7.3	
	.....	5.1	.....	11.4
C. Incremental cost of PSR policy:				
Equity to meet policy	$2.7 × 9.8% = $0.3		× 10.1% = $	
D. Other required PSAF costs:				
Sales taxes	.....	$2.8	.....	$3.3
Board of Governors expenses	.....	5.0	.....	3.3
	.....	.....	7.8	6.6
	.....	.....	$13.1	$18.0
E. Total PSAF:				
As a percent of assets	.....	1.5%	.....	1.0%
As a percent of expenses	.....	3.6%	.....	4.5%

[26] See table 5 for calculation.

TABLE 5—DERIVATION OF THE 2016 AND 2015 PSAF—Continued

[Dollars in millions]

	2016		2015	
	Debt	Equity	Debt	Equity
F. Tax rates		21.6%		22.4%

[27] 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 2016, the amount of imputed equity exceeded the minimum equity requirements for risk-weighted assets.

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

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

[30] Imputed short-term debt and long-term debt are computed at table 4.

[31] The 2016 ROE is equal to a risk-free rate plus a risk premium (beta * market risk premium). The 2016 after-tax CAPM ROE is calculated as 0.03% + (1.0 * 7.62%) = 7.65%. Using a tax rate of 21.6%, the after-tax ROE is converted into a pretax ROE, which results in a pretax ROE of (7.65%/(1–21.6%)) = 9.76%. Calculations may be affected by rounding.

TABLE 6—COMPUTATION OF 2016 CAPITAL ADEQUACY FOR FEDERAL RESERVE PRICED SERVICES

[Dollars in millions]

	Assets	Risk weight	Weighted assets
Imputed investments:			
1-Year Treasury securities [32]	$55.8		
Federal funds [33]	11.0	0.2	2.2
Total imputed investments	66.8		2.2
Receivables	$35.6	0.2	$7.1
Materials and supplies	0.5	1.0	0.5
Prepaid expenses	10.2	1.0	10.2
Items in process of collection	321.0	0.2	64.2
Premises	111.0	1.0	111.0
Furniture and equipment	38.5	1.0	38.5
Leasehold improvements and long-term prepayments	89.5	1.0	89.5
Pension asset		1.0	
Deferred tax asset	187.9	1.0	187.9
Total	860.9		511.0
Imputed equity	$53.8		
Capital to risk-weighted assets	10.5%		
Capital to total assets	6.2%		

[32] 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.*

[33] 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 2014 actual, 2015 estimated, and 2016 budgeted cost-recovery performance for the commercial check service.

TABLE 7—CHECK SERVICE PRO FORMA COST AND REVENUE PERFORMANCE

[Dollars in millions]

Year	Revenue	Total expense	Net income (ROE)	Targeted ROE	Recovery rate after targeted ROE [1/(2 + 4)]
	1	2	3	4	5
2014 (actual)	174.7	149.3	25.4	1.8	115.6%
2015 (estimate)	159.3	142.7	16.5	2.0	110.1
2016 (budget)	149.9	139.1	10.7	1.3	106.7

1. *2015 Estimate*—The Reserve Banks estimate that the check service will recover 110.1 percent of total expenses and targeted ROE, compared with a 2015 final budgeted recovery rate of 105.2 percent. Greater-than-expected check volumes processed by the Reserve Banks and lower-than-expected costs have influenced significantly the check services cost recovery.

The decline in Reserve Bank check volume, which is attributable to the decline in the number of checks written generally, was not as great as anticipated.[34] Through August, total forward check volume is 4.6 percent lower and total return check volume is 11.9 percent lower-than for the same period last year. For full-year 2015, the Reserve Banks estimate that their total forward check volume will decline 5.6 percent (compared with a budgeted decline of nearly 7 percent) and their total return check volume will decline 11.6 percent (compared with a budgeted decline of about 14 percent) from 2014 levels.[35]

2. *2016 Pricing*—The Reserve Banks expect the check service to recover 106.7 percent of total expenses and targeted ROE in 2016. The Reserve Banks project revenue to be $149.9 million, a decline of 5.9 percent from the 2015 estimate. This decline is driven largely by projected reductions in both forward check and return check volume. The Reserve Banks estimate that total Reserve Bank forward check volumes will decline 6.2 percent, to 5.1 billion, and return check volumes will decline 12.7 percent to 28.5 million in 2016. Total expenses for the check service are projected to be $139.1 million, a decline of 2.5 percent from 2015.[36]

The Reserve Banks will increase the per-item fee for FedReturn items that are qualified to the Reserve Bank in instances in which the bank of first deposit cannot be identified from $8 to $15.

The Reserve Banks will increase the fees for traditional paper check forward and return collection deposits. The Reserve Banks will increase the per-item fee for paper forward deposits from $2.00 to $2.50 and the per-item fee for each unencoded item from $1.00 to $1.50.[37] The Reserve Banks will increase the per-item fee for paper return collection deposits from $5.00 to $5.50 as well as the per-item fee for unqualified paper returns from $7.00 to $7.50. The Reserve Banks will discontinue image retrievals by fax for both incoming and outgoing retrievals within FedImage Services.[38]

The Reserve Banks will introduce Select Mixed Level 3 tier to the Select Mixed image cash letter (ICL) product.[39] The new level will have a daily fee of $3,000 and per-item fees from $0.002 to $0.350, as seen in table 8.

TABLE 8—FEDFORWARD SELECT MIXED IMAGE CASH LETTER [a] [b]

Deadline	5 a.m.			12 p.m.		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Daily fixed fee	$2,200.00	$900.00	$3,000.00	$2,200.00	$900.00	$3,000.00
Cash letter surcharge	.....	.....	.....	25.00	25.00	25.00
Tier 1	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020
Tier 2	0.0040	0.0060	0.0040	0.0040	0.0060	0.0040
Tier 3	0.0060	0.0080	0.0060	0.0060	0.0080	0.0060
Tier 4	.....	.....	0.0130	.....	.....	0.0130
Tier 5	.....	.....	0.0220	.....	.....	0.0220
Tier 6	.....	.....	0.1000	.....	.....	0.3500
Non-eligible endpoints	0.1000	0.1000	N/A	0.3500	0.3500	N/A

[a] All deadlines are Monday through Friday.
[b] A current list of FedForward endpoint tier listings can be found at *http://www.frbservices.org/servicefees/check21_endpoint_listing.html.*

The Reserve Banks will eliminate the FedForward Fine Sort ICL product in January 2017 as part of the Reserve Banks effort to reflect today's electronic check processing environment in their check fee schedule.[40] To encourage depositors to shift volume from the fine-sort products to mixed deposit options in advance of this elimination, the Reserve Banks will increase the FedForward Fine Sort ICL product per-item fees at the 9 p.m., 1 a.m., and 5 a.m. deadlines by $0.002, $0.004, and $0.006, an average increase of 22.7 percent.[41] The Reserve Banks will increase the FedForward Deferred Fine Sort ICL product per-item fees at the 1 a.m., 5 a.m., and 10 a.m. deadlines by $0.004, $0.006, and $0.008, an average increase of 48.8 percent. The per item fees for each deadline are listed in table 9.

[34] The greater-than-expected check volume is attributed to the retention of current customers through continued enhancements of two FedForward product offerings: select mixed and premium mixed.

[35] Total Reserve Bank forward check volumes are expected to drop from 5.7 billion in 2014 to 5.4 billion in 2015. Total Reserve Bank return check volumes are expected to drop from roughly 36.5 million in 2014 to 32.3 million in 2015.

[36] The reduction in check costs is driven in part by lower pension costs in 2016.

[37] Unencoded items are those items deposited without encoding of certain elements, such as amount, added to the MICR line.

[38] FedImage Services offer depository institutions products for the capture, archive, and retrieval of check images. A current list of services can be found at *https://www.frbservices.org/serviceofferings/check/fed_image_services.html.*

[39] A current list of Select Mixed endpoints can be found at *https://www.frbservices.org/servicefees/check21_endpoint_listing.html.*

[40] In a paper check processing environment, the fine sort product allowed the Reserve Banks to gain efficiencies because the checks did not require processing on reader-sorters. In today's electronic check processing environment, all image cash letters are processed through the Reserve Banks' electronic system in the same manner, and the Reserve Banks do not gain any efficiencies by having the depositing bank fine sort electronic checks prior to deposit.

[41] All times are stated in the eastern time zone (ET).

Depository institutions may deposit image cash letters using nine deposit options within the FedForward product line; the options vary in price structure and funds availability. 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 deposit options can be found at *https://www.frbservices.org/servicefees/check_services_2015.html.*

TABLE 9

FedForward Fine Sort Image Cash Letter [a] [b]			
Deadline	9 p.m.	1 a.m.	5 a.m.
Cash letter fee	$3.50	$6.50	$12.50
Tier 1	0.0080	0.0120	0.0250
Tier 2	0.0120	0.0170	0.0290
Tier 3	0.0210	0.0260	0.0380
Tier 4	0.0310	0.0360	0.0480
FedForward Fine Deferred Sort Image Cash Letter [a] [b]			
Deadline	1 a.m.	5 a.m.	10 a.m.
Cash letter fee	$3.50	$3.50	$3.50
Tier 1	0.0100	0.0130	0.0160
Tier 2	0.0130	0.0160	0.0190
Tier 3	0.0220	0.0250	0.0280
Tier 4	0.0320	0.0350	0.0380

[a] All deadlines are Monday through Friday.
[b] A current list of FedForward endpoint tier listings can be found at *http://www.frbservices.org/servicefees/check21_endpoint_listing.html.*

The Reserve Banks estimate that the price changes will result in a 0.5 percent average price increase for check customers. In addition to the above changes, the Reserve Banks plan to announce further modifications to the check fee schedule during 2016 that reflect the efficiencies of today's electronic check processing environment. The new schedule may include elimination of certain sorted deposit options and modifications to the current endpoint-based tiered pricing structure.

Risks to the Reserve Banks' ability to achieve budgeted 2016 cost recovery for the check service include lower-than-expected check volume due to reductions in check writing overall and competition from correspondent banks, aggregators, and direct exchanges, which will result in lower-than-anticipated revenue.

D. *FedACH Service*—Table 10 shows the 2014 actual, 2015 estimate, and 2016 budgeted cost-recovery performance for the commercial FedACH service.

TABLE 10—FEDACH SERVICE PRO FORMA COST AND REVENUE PERFORMANCE

[Dollars in millions]

Year	Revenue	Total expense	Net income (ROE)	Targeted ROE	Recovery rate after targeted ROE [1/(2 + 4)]
	1	2	3	4	5
2014 (actual)	124.4	141.4	−17.0	2.0	86.7%
2015 (estimate)	125.5	123.7	1.8	1.7	100.0
2016 (budget)	129.8	129.9	−0.0	1.2	99.0

1. *2015 Estimate*—The Reserve Banks estimate that the FedACH service will recover 100.0 percent of total expenses and targeted ROE, compared with a 2015 final budgeted recovery rate of 100.4 percent.[42] Through August, FedACH commercial origination and receipt volume was 5.1 percent higher-than the same period last year. For full-year 2015 the Reserve Banks estimate that FedACH commercial origination and receipt volume will increase 5.5 percent, compared with a budgeted increase of 3.5 percent.

2. *2016 Pricing*—The Reserve Banks expect the FedACH service to recover 99.0 percent of total expenses and targeted ROE in 2016. FedACH commercial origination and receipt volume is projected to grow 4.5 percent contributing to an increase of $4.4 million in total revenue from the 2015 estimate. Total expenses are budgeted to increase $7.2 million from 2015 budgeted expenses of $122.6 million, primarily because of costs associated with the development of a new FedACH technology platform.

The Reserve Banks will increase the minimum monthly fee for forward origination from $35 to $45 and the minimum monthly fee for receipt from $25 to $35.[43]

The Reserve Banks will eliminate large- and small-file per-item origination fees and introduce a single base fee of $0.0032 for all origination files with a discount of $0.0005 for origination volume between 750,000 to 1,500,000

[42] The Reserve Banks have been engaged in a multiyear technology initiative to modernize the FedACH processing platform by migrating the service from a mainframe system to a distributed computing environment. In late 2013, the Reserve Banks conducted an assessment focused on the viability and cost-effectiveness of the program. As a result, the Reserve Banks in 2014 suspended the program and began to investigate the use of other technology solutions. In 2015, the Reserve Banks evaluated alternative processing solutions, including commercially available options.

[43] Any originating depository financial institution (ODFI) incurring less than $45 for the following fees will be charged the difference to reach the minimum: Forward value and nonvalue item origination fees, FedGlobal ACH origination surcharges, and FedACH SameDay forward origination surcharges.

Any receiving depository financial institution (RDFI) originating forward value and nonvalue items below the minimum level and incurring less than $35 in receipt fees will be charged the difference to reach the minimum based on origination. RDFIs not originating forward value and nonvalue items will incur the $35 minimum monthly fee for receipt.

items per month and $0.0007 for origination volume greater than 1,500,000 items per month. The Reserve Banks will lower the top-tier volume origination discount level based on monthly receipt volume from 17,500,000 to 15,000,000 items per month, while maintaining the current discount amounts.[44]

The Reserve Banks will increase the forward item receipt fee from $0.0025 to $0.0032 per item, while keeping the return item receipt fee at $0.0075 per item. The Reserve Banks will change the volume-based receipt discount structure to encourage additional receipt volume. The changes will include a decrease in the first volume-based discount by 250,000 items per month to 750,001 items a month, the introduction of a new volume-based discount tier for volume between 1,500,001 and 2,500,000 items per month, and an increase for all existing volume-based receipt discounts by $0.0007 as seen in table 11.

Table 11

FedACH Service Volume-Based Receipt Discounts [a]

Volume	Non-Premium Receivers	Premium Receivers Level 1 [b]	Premium Receivers Level 2 [c]
Less than 750,000	$0.0000	$0.0000	$0.0000
750,001 to 1,500,000	$0.0014	$0.0014	$0.0014
1,500,001 to 2,500,000	$0.0014	$0.0014	$0.0014
2,500,0001 to 12,500,000	$0.0014	$0.0015	$0.0016
More than 12,500,000	$0.0016	$0.0017	$0.0018

[a] Shaded cells reflect volume levels where discounting applies to all items, including items below the volume amount listed. Nonshaded cells receive discounts only on the volume amounts listed.
[b] Level 1 Premium Receivers are those that receive at least 90 percent of FedACH-originated items through FedACH.
[c] Level 2 Premium Receivers are those that receive at least 90 percent all items through FedACH.

The Reserve Banks will implement a $20 monthly billing discount for any customer that pays the origination minimum fee, subscribes to a FedLine Web Plus or higher package, and subscribes to either FedACH RDFI Alert, FedACH Risk Origination Monitoring, or FedPayments Reporter.

The Reserve Banks estimate that the price changes will result in a 6.5 percent average price increase for FedACH customers. In addition to the above changes, the Reserve Banks plan to reassess the FedGlobal ACH fee schedule during 2016.

The primary risks to the Reserve Banks' ability to achieve budgeted 2016 cost recovery for the FedACH service are cost overruns associated with unanticipated problems related to efforts to modernize the FedACH processing platform 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 2014 actual, 2015 estimate, and 2016 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

[Dollars in millions]

Year	Revenue	Total expense	Net income (ROE) [1–2]	Targeted ROE	Recovery rate after targeted ROE [1/(2 + 4)]
	1	2	3	4	5
2014 (actual)	110.1	105.2	4.8	1.4	103.2%
2015 (estimate)	115.1	112.7	2.4	1.6	100.7
2016 (budget)	121.4	120.1	1.3	1.3	100.0

1. *2015 Estimate*—The Reserve Banks estimate that the Fedwire Funds and National Settlement Services will recover 100.7 percent of total expenses and targeted ROE, equal to the final budgeted recovery rate. Through August, Fedwire Funds Service online volume was 6.9 percent higher than for the same period last year. For full-year 2015, the Reserve Banks estimate Fedwire Funds Service online volume to increase 4.0 percent from 2014 levels, compared with the 3.2 percent volume decrease that had been budgeted. The Reserve Banks do not expect the strong volume growth in late 2014 and early 2015 to continue at that level through year-end. Through August, National Settlement Service settlement file volume was 7.1 percent lower than for the same period last year, and settlement entry volume was 19.3 percent lower. For the full year, the Reserve Banks estimate that settlement file volume will decrease 5.9 percent (compared with a 1 percent budgeted decrease) and settlement entry volume

[44] Origination discounts apply only to those items received by FedACH receiving points and are available only to Premium Receivers (institutions receiving a certain portion of volume through FedACH).

will decrease 15.6 percent from 2014 levels (compared with a budgeted 7.2 percent decrease).

2. *2016 Pricing*—The Reserve Banks expect the Fedwire Funds Service to recover 100.0 percent of total expenses and targeted ROE. Revenue is projected to be $121.4 million, an increase of 5.5 percent from the 2015 estimate. The Reserve Banks project total expenses to be $7.4 million higher than the 2015 estimate. The Reserve Banks expect volume to grow 1.5 percent in 2016.

The Reserve Banks will adjust the incentive pricing fees for the Fedwire Funds Service by increasing the Tier 1 per item pre-incentive fee (the fee before volume discounts are applied) from $0.73 to $0.79 and increasing the Tier 3 per item pre-incentive fee from $0.150 to $0.155. The Reserve Banks will keep the Tier 2 per-item pre-incentive fee unchanged.[45]

The Reserve Banks will increase the surcharge for offline transactions from $50 to $55. In addition, the Reserve Banks will increase the monthly participation fee from $90 to $95.

The Reserve Banks estimate that the price changes will result in a 5.8 percent average price increase for Fedwire Funds customers.

The Reserve Banks will not change National Settlement Service fees for 2016. The Reserve Banks' Fedwire Funds and National Settlement Services fees are consistent with their multiyear strategy to minimize pricing volatility while undertaking ongoing technology upgrades and projects to further strengthen operational resiliency. The Reserve Banks recently completed a significant milestone in the Fedwire Funds portion of its modernization initiative by migrating its back-end settlement system from a mainframe to a distributed platform, although key work to complete the initiative remains in progress.

The primary risk to the Reserve Banks' ability to achieve budgeted 2016 cost recovery for these services is cost overruns from unanticipated problems with completing the final stages of complex technology programs.

F. *Fedwire Securities Service*—Table 13 shows the 2014 actual, 2015 estimate, and 2016 budgeted cost recovery performance for the Fedwire Securities Service.[46]

TABLE 13—FEDWIRE SECURITIES SERVICE PRO FORMA COST AND REVENUE PERFORMANCE

[Dollars in millions]

Year	Revenue	Total expense	Net income (ROE) [1–2]	Targeted ROE	Recovery rate after targeted ROE [1/(2 + 4)]
	1	2	3	4	5
2014 (actual)	24.0	22.7	1.2	0.3	104.1%
2015 (estimate)	27.3	25.5	1.8	0.4	105.7
2016 (budget)	25.8	25.9	−0.1	0.2	98.7

1. *2015 Estimate*—The Reserve Banks estimate that the Fedwire Securities Service will recover 105.7 percent of total expenses and targeted ROE, compared with a 2015 final budgeted recovery rate of 97.5 percent. The higher-than-expected cost recovery is primarily due to not spending contingency funds that were budgeted for the Fedwire Modernization Program. Increased revenues generated from higher-than-expected volumes from online agency transfers and account maintenance also increased cost recovery.

Through August, Fedwire Securities Service online volume was 8.0 percent lower than during the same period last year. For full-year 2015, the Reserve Banks estimate Fedwire Securities Service online volume will decline 5.4 percent from 2014 levels, compared with a budgeted decline of 12.9 percent. The higher-than-expected online agency transfer volume resulted from the continued low interest-rate environment, which has supported mortgage underwriting activity and mortgage-backed securities issuance, and is generally associated with increased online agency transfer activity over the Fedwire Securities Service. Through August, account maintenance volume was 9.1 percent lower than during the same period last year. For the full year, the Reserve Banks estimate that account maintenance volume will decline 8.4 percent over 2014 levels, compared with a budgeted decline of 14.1 percent. The higher account maintenance volume is the result of conservative estimates for customer account closures that have not materialized.

2. *2016 Pricing*—The Reserve Banks expect the Fedwire Securities Service to recover 98.7 percent of total expenses and targeted ROE in 2016. The Reserve Banks project that 2016 revenue will decrease by $1.5 million and expenses will increase by $0.4 million, compared with 2015 estimates.

The Reserve Banks project that online transfer activity will decline 7.7 percent in 2016, the number of accounts maintained will decrease 8.5 percent, and the number of agency securities maintained will decrease 3.3 percent.[47] The projected decline in account maintenance activity reflects customer closures of empty accounts to avoid unnecessary expenses and increased competition in collateral management services.[48] The Reserve Banks project a decrease in online transfers as gradually increasing interest rates lead to less

[45] 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 transfers over 60 percent of a customer's its historic benchmark volume.

[46] 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.

[47] The online transfer fee, monthly account maintenance fee, and monthly issue maintenance fee accounted for approximately 92 percent of total Fedwire Securities Service revenue through June 2015.

[48] Specifically, collateral management services refers to the Fedwire Securities Joint Custody Service, which facilitates the collateralization of deposits made by a government entity, through the pledging of book-entry securities by its depository institution. Approximately 72 percent of Fedwire Securities priced accounts are collateral accounts related to the Joint Custody Service.

mortgage refinancing, and, in turn, reduce issuances of mortgage-backed securities. The reduction in agency debt issuance reflects a reduction in government-sponsored enterprise portfolios, as required by the U.S. Treasury and the Federal Housing Finance Agency, leading to a reduced funding need for new debt issuance.[49] New settlement logic introduced by the Fixed Income Clearing Corporation in late 2015 is also expected to reduce the number of agency debt transfers over the Fedwire Securities Service.[50]

Expenses are budgeted to remain approximately the same as 2015 estimates, reflecting higher expected operating costs offset by increased reimbursements from Treasury for fiscal agency services.[51] Higher operating costs in 2016 reflect the full-year impact of the completion of a multiyear technology modernization initiative and the advancement of new initiatives to improve resiliency and operational functionality.

The Reserve Banks will not change priced Fedwire Securities Service fees for 2016.

The primary risk to the Reserve Banks' ability to achieve budgeted 2016 cost recovery for these services is cost overruns and schedule delays from unanticipated problems with managing complex technology upgrades.

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.[52] The Reserve Banks package these channels into nine FedLine packages, described below, that are supplemented by a number of premium (or à la carte) access and accounting information options. In addition, the Reserve Banks offer FedComplete® packages, which are bundled offerings of a FedLine Advantage connection and a fixed number of FedACH, Fedwire Funds, and Check 21-enabled services.

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

Three 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 two remaining options are FedLine Direct packages, which allow for unattended connections at one of two connection speeds to FedACH, Fedwire Funds, and Fedwire Securities transactional and information services and to most accounting information services.[53]

For the 2016 FedLine fees, the Reserve Banks will make a minor adjustment to existing fees—a $5-per-month increase for the FedLine Exchange subscriber pack—keeping the remaining existing FedLine fees unchanged.[54] As in previous years, the Reserve Banks will introduce new fees on outdated legacy services in 2016. In particular, the Reserve Banks will implement a $5,000-per-month surcharge for 256K/T1 legacy routers to encourage customers to migrate to more efficient access solutions.[55] The Reserve Banks will also introduce a new custom implementation fee in 2016 for institutions that request tailored FedLine Direct or WAN router setups. The fee, which will vary from $2,500 to $5,000 based on the complexity of the setup, is intended to help the Reserve Banks recover costs that result from nonstandard installations.

In addition, the Reserve Banks will make two structural changes to existing FedLine packages. First, the Reserve Banks will include two Virtual Private Network (VPN) devices in the FedLine Direct Premier package (rather than one) to help ensure consistency across existing Premier level FedLine packages. Second, the Reserve Banks will modify the availability of the FedPayments Manager Import/Export (FPM) tool within the FedLine Advantage Plus and Premier packages based on Fedwire volume thresholds. In particular, depository institutions with more than 250 Fedwire transactions per month, or more than one routing number, will only have access to the FPM tool via FedLine Advantage Premier. Affected customers will experience a fee increase ranging from $15 to $75 per month to upgrade to FedLine Advantage Premier.[56] Customers that wish to maintain their FedLine Advantage Plus package will be able to do so by removing the FPM tool from their subscription.

The Reserve Banks estimate that the price changes will result in a 1.5 percent average price increase for FedLine customers.

II. Analysis of Competitive Effect

All operational and legal changes considered by the Board that have a substantial effect on payment system participants are subject to the competitive impact analysis described in the March 1990 policy ''The Federal Reserve in the Payments System.'' [57] 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

[49] Government sponsored enterprises are reducing their retained portfolio by 15 percent annually through 2018, as mandated by the Senior Preferred Stock Purchase Agreements, until each portfolio reaches a target level of $250 billion. Further information on these agreements can be found at: *http://www.fhfa.gov/Conservatorship/Pages/Senior-Preferred-Stock-Purchase-Agreements.aspx.*

[50] Information on the new settlement logic can be found at *http://www.dtcc.com/~/media/Files/pdf/2015/6/22/GOV045-15.pdf.*

[51] Treasury reimbursement is calculated by multiplying costs by the ratio of Treasury to agency transfers. In 2015, Treasury projects its transfer volume will increase 7.0 percent, 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.

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

[53] None of the FedLine packages offer an unattended connection to check services. The Reserve Banks offer an unattended check product, Check 21 Large File Delivery, outside of the FedLine suite that allows a depository institution to upload and download check image cash letters automatically via a direct network connection to the Reserve Banks.

[54] FedLine packages do not include user subscriptions for priced services. Depository institutions that wish to access priced services must purchase user subscriptions in packs of five (5-packs).

[55] The $5,000 per month surcharge will be effective July 1, 2016. The price will increase to $10,000 per month on September 1, 2016 and $20,000 per month on November 1, 2016.

[56] The $75 fee increase is the difference in pricing between the corresponding Plus and Premier packages. Affected customers that currently subscribe to the $60-per-month a la carte option for a secondary VPN device will experience only a $15 fee increase because a secondary VPN device is included in Premier packages. Affected customers include FedComplete Plus subscribers with more than 250 Fedwire transactions per month, or more than one routing number, that use the FPM tool because FedComplete Plus packages include a subscription to FedLine Advantage Plus.

[57] Federal Reserve Regulatory Service (FRRS) 9–1558.

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 2016 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.[58] The changes 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.

III. 2016 Fee Schedules

FEDACH SERVICE 2016 FEE SCHEDULE

[Effective January 1, 2016. **Bold indicates changes from 2015 prices.**]

	Fee
FedACH minimum monthly fee	
Originating Depository Financial Institution (ODFI)[59]	**$45.00.**
Receiving Depository Financial Institution (RDFI)[60]	**35.00.**
Origination (per item or record)	
Forward or return items	**0.0032.**
Addenda record	0.0015.
FedLine Web®-originated returns and notification of change (NOC)[61]	0.35.
Facsimile exception returns/NOC[62]	45.00.
Automated NOC	0.20.
Volume-based discounts (based on monthly billed origination volume) per item when origination volume is:	
750,000 to 1,500,000 items per month	**0.0005 discount.**
More than 1,500,000 items per month	**0.0007 discount.**
Volume-based discounts (based on monthly billed receipt volume)[63] per item when receipt volume is:.	
10,000,001 to **15,000,000** items per month	0.0002 discount.
More than **15,000,000** items per month	0.0003 discount.
Receipt (per item or record)	
Forward Item	**0.0032.**
Return Item	0.0075.
Addenda record	0.0015.
On-Us Receipt Credit[64]	0.0032 discount.
Volume-based discounts (forward items excluding FedACH SameDay service items)	
Non-Premium Receivers—RDFIs receiving less than 90 percent of total network volume through FedACH per item when volume is:	
750,001 to 12,500,000 items per month[65]	**0.0014 discount.**
more than 12,500,000 items per month[66]	**0.0016 discount.**
Premium Receivers, Level One—RDFIs receiving at least 90 percent of FedACH-originated volume through FedACH per item when volume is:	
750,001 to 1,500,000 items per month[65]	**0.0014 discount.**
1,500,001 to 2,500,000 items per month[66]	**0.0014 discount.**
72,500,001 to 12,500,000 items per month[66]	**0.0015 discount.**
more than 12,500,000 items per month[66]	**0.0017 discount.**
Premium Receivers, level two—RDFIs receiving at least 90 percent of ACH volume originated through FedACH or EPN per item when volume is:	
750,001 to 1,500,000 items per month[65]	**0.0014 discount.**
1,500,001 to 2,500,000 items per month[66]	**0.0014 discount.**
2,500,001 to 12,500,000 items per month[66]	**0.0016 discount.**
more than 12,500,000 items per month[66]	**0.0018 discount.**
FedACH Bundled Service Discount	
Monthly Bundled Service Package Discount[67]	**20.00 discount.**
FedACH SameDay Service	
Origination	
Forward item[68]	0.0035 surcharge.
Addenda record[68]	0.0015 surcharge.
Return item[69]	0.0025 discount.
Return addenda record[69]	0.0015 discount.
Receipt	
Forward item[65]	0.0025 discount.
Return item[65]	0.0075 discount.
Addenda record (forward/return)[65]	0.0015 discount.
Monthly FedACH Risk® Management fees[70]	
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.

[58] Certain correspondent banks believe that the FedForward Fine Sort ICL product, which the Reserve Banks will eliminate in January 2017, enables them to compete more effectively with the Reserve Banks in the collection of checks destined to paying banks with which the correspondent banks do not have electronic presentment agreements. Paying banks, however, may not have an incentive to accept electronic presentment unless the correspondent bank makes a decision to present checks directly and provides the paying bank the choice of receiving presentments in paper or electronic form (as the Reserve Banks do). We do not believe that the elimination of the product will have a direct and material adverse effect on the ability of such service providers to compete effectively with the Reserve Banks in providing similar services due to legal differences.

[59] Any ODFI incurring less than $45 in forward value and nonvalue item origination fees will be charged a variable amount to reach the minimum.

[60] Any RDFI not originating forward value and nonvalue items and incurring less than $35 in receipt fees will be charged a variable amount to reach the minimum.

[61] The fee includes the item and addenda fees in addition to the conversion fee.

[62] 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.

[63] Origination discounts based on monthly volume apply only to those items received by FedACH receiving points and are available only to Premium Receivers (institutions receiving volume above a specified threshold through FedACH).

[64] RDFI originating and receiving items on the same RTN.

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

FEDACH SERVICE 2016 FEE SCHEDULE—Continued

[Effective January 1, 2016. **Bold indicates changes from 2015 prices.**]

	Fee
For 24 through 47 criteria sets	150.00.
For 48 through 95 criteria sets	250.00.
For 96 through 191 criteria sets	425.00.
For 192 through 383 criteria sets	675.00.
For 384 through 584 criteria sets	850.00.
For more than 585 criteria sets	1,100.00.
Risk origination monitoring batch (based on total monthly volume)	
For 1 through 100,000 batches (per batch)	0.007.
For more than 100,000 batches (per batch)	0.0035.
Monthly FedPayments Reporter Service	
FedPayments Reporter Service package pricing includes	
Standard reports [71].	
ACH volume summary by SEC code report—customer [72]	
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 more than 8,501 reports	1,500.00.
Premier reports (per report generated) [73]	
ACH volume summary by SEC code report—depository financial institution	
For 1 through 5 reports	10.00.
For 6 through 10 reports	6.00.
For more than 11 reports	1.00.
On Demand Surcharge	1.00
ACH volume summary by SEC code report—customer	
On Demand Surcharge	1.00.
Monthly ACH routing number activity report	
For 1 through 5 reports	10.00.
For 6 through 10 reports	6.00.
For more than 11 reports	1.00.
On Demand Surcharge	1.00.
On-us inclusion	
Participation (monthly fee per RTN)	10.00.
Per-item	0.0030.
Per-addenda	0.0015.
Report delivery via encrypted email (per email)	0.20.
Other fees	
Monthly fee (per routing number)	
Account servicing fee [74]	45.00.
FedACH settlement [75]	55.00.
FedACH Information extract file	100.00.
IAT Output File Sort	75.00.
Automated NOC participation fee [76]	5.00.
Non-electronic input/output fee [77]	
CD/DVD (CD or DVD)	50.00.
Paper (file or report)	50.00.
FedGlobal ACH Payments [78]	
Canada service fee	
Item originated to Canada [79]	0.62.
Return received from Canada [80]	0.99.
Item trace at receiving gateway	5.50.
Item trace not at receiving gateway	7.00.
Mexico service fee	
Item originated to Mexico [79]	0.67.
Return received from Mexico [80]	0.91.
Account-to-receiver (A2R) item originated to Mexico [79]	3.45.
Foreign currency to foreign currency (F3X) item originated to Mexico [79]	0.67.
Item trace	13.50.
Panama service fee	
Item originated to Panama [79]	0.72.
Return received from Panama [80]	1.00.
NOC	0.72.
Item trace	7.00.
Latin America service fee	
A2R item originated to Latin America [79]	4.40.
Return received from Latin America [80]	0.72.
Item trace	5.00.
Europe service fee	
Item originated to Europe [79]	1.25.

FEDACH SERVICE 2016 FEE SCHEDULE—Continued

[Effective January 1, 2016. **Bold indicates changes from 2015 prices.**]

	Fee
F3X item originated to Europe [79]	1.25.
Return received from Europe [80]	1.35.
Item trace	7.00.

FEDWIRE FUNDS AND NATIONAL SETTLEMENT SERVICES 2016 FEE SCHEDULE

[Effective January 1, 2016. **Bold indicates changes from 2015 prices**.]

Fedwire Funds Service	
Monthly Participation Fee	**$95.00**
Basic volume-based pre-incentive transfer fee (originations and receipts)—per transfer for:	
the first 14,000 transfers per month	**0.79**
additional transfers up to 90,000 per month	0.24
every transfer over 90,000 per month	**0.155**
Volume-based transfer fee with the incentive discount (originations and receipts)—per eligible transfer for: [81]	
the first 14,000 transfers per month	**0.158**
additional transfers up to 90,000 per month	0.048
every transfer over 90,000 per month	**0.031**
Surcharge for Off-line Transfers (Originations and Receipts)	**55.00**
Surcharge for End-of-Day Transfer Originations [82]	0.26
Monthly FedPayments Manager import/export fee [83]	50.00
Surcharge for high-value payments:	
>$10 million	0.14
>$100 million	0.36
Surcharge for Payment Notification:	
Origination Surcharge [84]	0.20
Receipt Volume [85]	N/A
National Settlement Service	
Basic	
Settlement Entry Fee	1.50
Settlement File Fee	30.00
Surcharge for Off-line File Origination [86]	45.00
Minimum Monthly Fee (account maintenance) [87]	60.00
Special Settlement Arrangements (fee per day) [88]	150.00

[66] Receipt volumes at these levels qualify for the waterfall discount which includes all FedACH receipt items.

[67] This monthly billing discount is available for any customer that (1) pays the FedACH minimum monthly fee; (2) purchases a FedLine Web Plus or higher package; and (3) subscribes to either FedACH RDFI Alert, FedACH Risk Origination Monitoring, or FedPayments Reporter.

[68] This per-item surcharge is in addition to the standard origination fees listed in the origination and receipt fee schedule.

[69] This per-item discount is a reduction to the standard origination fees listed in the origination and receipt fee schedule.

[70] Criteria may be set for both the origination monitoring service and the RDFI alert service. Subscribers with no criteria set up will be assessed the $45 monthly package fee.

[71] 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.

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

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

[74] 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 a private sector operator exclusively are not assessed this fee.

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

[76] The notification of change fee will be assessed only when automated NOCs are generated.

[77] Limited services are offered in contingency situations.

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

[79] This per-item surcharge is in addition to the standard domestic origination and input file processing fees.

[80] This per-item surcharge is in addition to the standard domestic receipt fees.

[81] The incentive discounts apply to the volume that exceeds 60 percent of a customer's historic benchmark volume. Historic benchmark volume is based on a customer's average daily activity over the previous five calendar years. If a customer has fewer than five full calendar years of previous activity, its historic benchmark volume is based on its daily activity for as many full calendar years of data as are available. If a customer has less than one year of past activity, then the customer qualifies automatically for incentive discounts for the year. The applicable incentive discounts are as follows: $0.632 for transfers up to 14,000; $0.192 for transfers 14,001 to 90,000; and $0.124 for transfers over 90,000.

[82] This surcharge applies to originators of transfers that are processed by the Reserve Banks after 5:00 p.m. ET.

[83] 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.

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

[85] Provided on billing statement for informational purposes only.

[86] Off-line files will be accepted only on an exception basis when a settlement agent's primary and backup means of transmitting settlement files are both unavailable. For information, contact the NSS Central Service Support Staff at (800) 758–9403.

[87] This minimum monthly charge is only assessed if total settlement charges during a calendar month are less than $60.

[88] Special settlement arrangements use Fedwire Funds transfers to effect settlement. Participants in

FEDWIRE SECURITIES SERVICE 2016 FEE SCHEDULE (NON-TREASURY SECURITIES)

[Effective January 1, 2016. **Bold indicates changes from 2015 prices**.]

	Fee
Basic Transfer Fee	
Transfer or reversal originated or received	0.65
Surcharge	
Offline origination & receipt surcharge	66.00
Monthly Maintenance Fees	
Account maintenance (per account)	48.00
Issues maintained (per issue/per account)	0.65
Claim Adjustment Fee	0.75
GNMA Serial Note CUSIP Fee	9.00
Joint Custody Origination Surcharge [89]	44.00
Delivery of Reports—Hard Copy Reports to On-Line Customers	50.00

FEDLINE 2016 FEE SCHEDULE

[Effective January 1, 2016. **Bold indicates changes from 2015 prices.**

	Fee
FedComplete Packages (Monthly) [90]	
FedComplete 100 Plus	775.00.
Includes:	
FedLine Advantage Plus package	
FedLine subscriber 5-pack	
FedLine Exchange subscriber 5-pack	
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	
FedComplete 100 Premier	850.00.
Includes:	
FedLine Advantage Premier package	
Volumes included in the FedComplete 100 Plus package	
FedComplete 200 Plus	1,300.00.
Includes:	
FedLine Advantage Plus package	
FedLine subscriber 5-pack	
FedLine Exchange subscriber 5-pack	
25,000 FedForward transactions	
225 FedReturn transactions	

arrangements and settlement agents are also charged the applicable Fedwire Funds transfer fee for each transfer into and out of the settlement account.

[89] Fedwire Securities Service charges customers the Joint Custody Origination Surcharge for both Agency and Treasury securities.

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

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

[92] 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.

[93] VPN hardware for FedLine Advantage and FedLine Command is billed directly by the vendor. A list of 2016 vendor fees can be found at *https://www.frbservices.org/files/servicefees/pdf/access/2016_vendor_fees.pdf.*

[94] These add-on services can be purchased only with a FedLine Customer Access Service option.

[95] There are no priced subscribers contained in the FedLine Exchange or FedLine packages.

[96] Additional FedLine Command Certificates available for FedLine Command and Direct packages only.

[97] Additional FedLine Direct Certificates available for FedLine Direct packages only.

[98] Additional VPNs are available for FedLine Advantage, FedLine Command, and FedLine Direct packages only.

[99] 56K option available to installed base only and is not available for new orders. Effective July 1, 2016, all remaining 56K connections will be disconnected. Network diversity supplemental charge of $2,000 a month may apply in addition to these fees.

[100] The FedLine Custom Implementation Fee will vary from $2,500 to $5,000 based on the complexity of the setup.

[101] FedLine Direct contingency solution is available only for FedLine Direct Plus & Premier packages.

[102] Cash Management Service options are limited to Plus and Premier packages.

[103] End of Day Reconcilement File option is available to FedLine Web Plus and FedLine Advantage Plus and Premier packages. Available for no extra fee in FedLine Command Plus and Direct packages.

[104] Statement of Account Spreadsheet File option is available to FedLine Web Plus and FedLine Advantage Plus and Premier packages. Available for no extra fee in FedLine Command Plus and Direct packages.

[105] Intra-day Download Search File option is available to the FedLine Web Plus package. Available for no extra fee in FedLine Advantage and higher packages.

[106] ACT Report options are limited to FedLine Command Plus and FedLine Direct Plus and Premier packages.

FEDLINE 2016 FEE SCHEDULE—Continued

[Effective January 1, 2016. **Bold indicates changes from 2015 prices.**

	Fee
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	
FedComplete 200 Premier	1,375.00.
Includes: FedLine Advantage Premier package Volumes included in the FedComplete 200 Plus package	
FedComplete Excess Volume Surcharge [91]	
FedForward	0.01/item.
FedReturn	0.7500/item.
Fedwire Funds Origination	0.7000/item.
FedACH Origination	0.0025/item.
FedComplete package credit incentive [92]	(1,500.00).
FedComplete credit adjustment	various.
FedComplete debit adjustment	various.
FedLine Customer Access Solutions (Monthly) [93]	
FedLine Exchange	40.00.
Includes: FedMail access channel FedACH Advice and Settlement Information Fedwire Funds Offline Advices Check 21 Services Check 21 Duplicate Notification Service Check Adjustments Accounting Statements Daylight Overdraft Reports Billing Statements	
FedLine Web	110.00.
Includes: FedLine Web access channel Services included in the FedLine Exchange package FedACH Information Services & Derived Returns/NOCs FedACH Risk Services (includes RDFI Alert and Returns Reporting) FedACH information services (includes RDFI file Alert Service) FedCash Services Service Charge Information	
FedLine Web Plus	140.00.
Includes: FedLine Web traditional package FedACH Risk Origination Monitoring Service FedACH FedPayments Reporter Service Check Large Dollar Return Check FedImage Services Account Management Information Various accounting and inquiry services (ABMS inquiry, IAS/PSR inquiry, IAS detailed inquiries, notifications and advices, end-of-day accounting file (PDF))	
FedLine Advantage	380.00.
Includes: FedLine Advantage access channel Services included in the FedLine Web traditional package FedACH transactions Fedwire Funds transactions Fedwire Securities transactions National Settlement Service transactions Check Large Dollar Return Check FedImage Services Account Management Information with Intra-Day Download Search File Various accounting and inquiry 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 FedACH Risk Origination Monitoring Service FedACH FedPayments Reporter Service Fedwire Funds FedPayments Manager Import/Export **(less than 250 Fedwire transactions and one routing number per month)** FedTransaction Analyzer® **(less than 250 Fedwire transactions and one routing number per month)**	
FedLine Advantage Premier	500.00.

FEDLINE 2016 FEE SCHEDULE—Continued

[Effective January 1, 2016. **Bold indicates changes from 2015 prices.**

	Fee
Includes:	
FedLine Advantage Plus package	
Secondary VPN device	
Fedwire Funds FedPayments Manager Import/Export (more than 250 Fedwire transactions or more than one routing number in a given month)	
FedTransaction Analyzer (more than 250 Fedwire transactions or more than one routing number per month)	
FedLine Command Plus	1,000.00.
Includes:	
FedLine Command access channel	
Services included in the FedLine Advantage Plus package	
Fedwire Statement Services	
Fedwire Funds FedPayments Manager Import/Export (more than 250 Fedwire transactions or more than one routing number in a given month)	
FedTransaction Analyzer (more than 250 Fedwire transactions or more than one routing number per month)	
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 access channel	
256K Dedicated WAN Connection	
Services included in the FedLine Command Plus package	
Treasury Check Information System (TCIS)	
FedLine Direct Premier	6,500.00
Includes:	
FedLine Direct Plus package	
T1 dedicated WAN connection	
Secondary VPN device	
Cash Management Services Plus Own Report (No Respondent/Subaccount activity)	
A la carte Options (Monthly)[94]	
Electronic Access	
FedLine Exchange Subscriber 5-pack[95]	15.00.
FedLine Subscriber 5-pack[95]	80.00.
Additional FedLine Command Certificate[96]	100.00.
Additional FedLine Direct Certificate[97]	100.00.
Additional VPNs—Maintenance Fee[98]	60.00.
Additional dedicated connections[99]	56K
effective January 1, 2016	14,000.00.
effective April 1, 2016	28,000.00.
256K	2,500.00.
T1	3,200.00.
FedLine International Setup (one-time fee)	5,000.00.
FedLine Custom Implementation Fee[100]	**various**
FedLine Direct Contingency Solution[101]	1,000.00.
Check 21 Large File Delivery	various.
FedMail Fax	70.00.
VPN Device Modification	200.00.
VPN Device Missed Activation Appointment	175.00.
VPN Device Expedited Hardware Surcharge	100.00.
VPN Device Replacement or Move	300.00.
Electronic Access Training	
Learning Center	complimentary.
Certificate Retrieval Download Tutorial	complimentary.
Accounting Information Services	
Cash Management System (CMS) Plus—Own report—up to six files with:[102]	
no respondent/sub-account activity	60.00.
less than 10 respondent and/or sub-accounts	125.00.
10–50 respondent and/or sub-accounts	250.00.
51–100 respondents and/or sub-accounts	500.00.
101–500 respondents and/or sub-accounts	750.00.
>500 respondents and/or sub-accounts	1,000.00.
End-of-Day Financial Institution Reconcilement Data File[103]	150.00.
Statement of Account Spreadsheet File[104]	150.00.
Intra-day Download Search File (with AMI)[105]	150.00.
ACTS Report[106]	
<20 sub-accounts	500.00.
21–40 sub-accounts	1,000.00.
41–60 sub-accounts	1,500.00.
>60 sub-accounts	2,000.00.
Other	
Software Certification	0.00 to 8,000.00.
Vendor Pass-Through Fee	various.
Electronic Access Credit Adjustment	various.
Electronic Access Debit Adjustment	various.
Legacy Connection Service Fee	
(effective July 1, 2016)	**5,000.00**.
(effective September 1, 2016)	**10,000.00**.
(effective November 1, 2016)	**20,000.00**.

By order of the Board of Governors of the Federal Reserve System, November 2, 2015.

Robert deV. Frierson,

Secretary of the Board.

[FR Doc. 2015–28932 Filed 11–13–15; 8:45 am]

BILLING CODE 6210–01–P

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

Sunshine Act Meeting

TIME AND DATE: *November 19, 2015, 8:30 a.m., In-Person Meeting.*

PLACE: Le Meridien, 333 Battery Street, Mercantile Room, San Francisco, CA 94111.

STATUS: Open to the public.

MATTERS TO BE CONSIDERED:

Open to the Public

Open Session

1. Approval of the Minutes for the October 27, 2015 Board Member Meeting.
2. Monthly Reports
a) Monthly Participant Activity Report.
b) Monthly Investment Report.
c) Legislative Report.
3. Office of Investments Report.
4. Investment Manager Annual Service Review.
5. 2016 Proposed Internal Audit Schedule.

Closed Session

Security
Adjourn

CONTACT PERSON FOR MORE INFORMATION: Kimberly Weaver, Director, Office of External Affairs, (202) 942–1640.

Dated: November 10, 2015.

James B. Petrick,

Secretary, Federal Retirement Thrift Investment Board.

[FR Doc. 2015–29242 Filed 11–12–15; 11:15 am]

BILLING CODE 6760–01–P

FEDERAL TRADE COMMISSION

Granting of Request for Early Termination of the Waiting Period Under the Premerger Notification Rules

Section 7A of the Clayton Act, 15 U.S.C. § 18a, as added by Title II of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, requires persons contemplating certain mergers or acquisitions to give the Federal Trade Commission and the Assistant Attorney General advance notice and to wait designated periods before consummation of such plans. Section 7A(b)(2) of the Act permits the agencies, in individual cases, to terminate this waiting period prior to its expiration and requires that notice of this action be published in the **Federal Register**.

The following transactions were granted early termination—on the dates indicated—of the waiting period provided by law and the premerger notification rules. The listing for each transaction includes the transaction number and the parties to the transaction. The grants were made by the Federal Trade Commission and the Assistant Attorney General for the Antitrust Division of the Department of Justice. Neither agency intends to take any action with respect to these proposed acquisitions during the applicable waiting period.

20151508	G	Envision Healthcare Holdings, Inc.; WP Rocket Holdings Inc.; Envision Healthcare Holdings, Inc.
		10/02/2015
20151506	G	Sensata Technologies Holding N.V.; Custom Sensors & Technologies Topco Ltd.; Sensata Technologies Holding N.V.
20151737	G	GSO Special Situations Fund L.P.; Upstate New York Power Producers, Inc.; GSO Special Situations Fund L.P.
20151739	G	B&G Foods, Inc.; General Mills, Inc.; B&G Foods, Inc.
20151740	Y	Agilent Technologies, Inc.; Seahorse Bioscience, Inc.; Agilent Technologies, Inc.
20151751	G	Parthenon Investors IV, L.P.; Millennium Trust Company, LLC; Parthenon Investors IV, L.P.
20151760	G	Omron Corporation; Adept Technology, Inc.; Omron Corporation.
20151764	G	Chih-Yaung Chu; MAG IAS Holdings, Inc.; Chih-Yaung Chu.
20151775	G	Roger S. Penske; R. Jerry Nelson; Roger S. Penske.
20151776	G	Roger S. Penske; Philip C. Schneider, Jr.; Roger S. Penske.
20151779	G	Dr. Ge Li; WuXi PharmaTech (Cayman) Inc.; Dr. Ge Li.
20151780	G	Investor AB; The Braun Corporation; Investor AB.
20151782	G	Phillips 66; DCP Southern Hills Pipeline, LLC; Phillips 66.
20151783	G	Phillips 66; DCP Sand Hills Pipeline, LLC; Phillips 66.
20151787	G	Audax Private Equity Fund IV, L.P.; CPC Holdco, Inc.; Audax Private Equity Fund IV, L.P.
		10/05/2015
20151671	Y	Medivation, Inc.; BioMarin Pharmaceutical, Inc.; Medivation, Inc.
20151761	G	Valeant Pharmaceuticals International, Inc.; Synergetics USA, Inc.; Valeant Pharmaceuticals International, Inc.
20151792	G	GlaxoSmithKline plc; Theravance Biopharma, Inc.; GlaxoSmithKline plc.
		10/06/2015
20151699	Y	Greatbatch, Inc.; KKR Millennium Fund L.P.; Greatbatch, Inc.
20151762	G	Telefonaktiebolaget LM Ericsson; Envivio, Inc.; Telefonaktiebolaget LM Ericsson.
		10/07/2015
20151716	G	Amazon.com, Inc.; Elemental Technologies, Inc.; Amazon.com, Inc.
20151726	G	GTT Communications, Inc.; One Source Networks Inc.; GTT Communications, Inc.
20151774	G	Pangea Private Holdings I, LLC; Premiere Global Services, Inc.; Pangea Private Holdings I, LLC.
		10/08/2015
20151753	Y	Allergan plc; AqueSys, Inc.; Allergan plc.
20151763	Y	Amgen Inc.; Forbion Capital Fund II C.V.; Amgen Inc.
20151735	G	Lannett Company, Inc.; UCB S.A.; Lannett Company, Inc.
20151745	G	Blackstone Capital Partners VI NQ/NF L.P.; Glenn B. Stearns; Blackstone Capital Partners VI NQ/NF L.P.