FEDERAL

[Docket No. OP – 1870]

Federal Reserve Action to Expand Fedwire® Funds Service and National Settlement Service Operating Hours

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Service Announcement.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is announcing that the Federal Reserve Banks (Reserve Banks) will expand the operating hours for the Fedwire® Funds Service to 22 hours per day, 6 days per week, operating Sunday through Friday, including weekday holidays (22x6).[1] The Board is also announcing a corresponding expansion of the National Settlement Service's (NSS) operating hours to 21.5 hours per day, 6 days per week, operating Sunday through Friday, including weekday holidays, with NSS closing 30 minutes earlier than the Fedwire Funds Service. The Board expects the Reserve Banks to implement this expansion in 2028 or 2029 to ensure technological, operational, and industry readiness. The decision to expand operating hours is intended to support a wide range of payment activities, as well as the U.S. dollar's key role in global commerce and the international financial system. Further, the planned expansion to 22x6 operating hours will serve as an interim step and provide the necessary foundational capability for the Reserve Banks to expand operating hours up to 22x7x365 in the future. The Board will monitor industry demand and will stand ready to offer an additional expansion up to 22x7x365 no sooner than two years after the Reserve Banks implement 22x6 operations. If the Board does propose to expand operating hours beyond 22x6, it will seek public comment in a separate proposal.

In addition, the Federal Reserve is exploring whether to expand discount window operating days in connection with the expansion of the Fedwire Funds Service. As part of this

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[1] "Fedwire" is a service mark of the Federal Reserve Banks. References to "22x6" herein also refer to the corresponding expansion of NSS, unless the context indicates otherwise.

exploration, the Federal Reserve plans to conduct additional outreach to stakeholders to ensure it fully understands the benefits and costs of expanded discount window operations for institutions of various sizes.

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SUPPLEMENTARY INFORMATION:

I. Introduction

This notice is organized into five sections. Section I contains background information on the Federal Reserve's role in the payment system, a summary of the 2024 Federal Register notice proposing to expand Fedwire Funds Service and NSS operating hours to 22x7x365 (the 2024 Notice), and a summary of comments received in response to the 2024 Notice.[2] Section II discusses the planned actions, which take into consideration comments submitted in response to the 2024 Notice. Section III assesses the planned expansion's compliance with the requirements of the Monetary Control Act of 1980 (MCA) and the Board's criteria for new services and major service enhancements. Section IV contains high-level implementation details and considerations for expanding Fedwire Funds Service and NSS operating hours. Section V is a competitive impact analysis of the expansion of the Fedwire Funds Service and NSS operating hours to 22x6.

[2] 89 FR 39613 (May 9, 2024). The Fedwire Funds Service is currently open from 9:00 p.m. eastern time (ET) of the preceding calendar day to 7:00 p.m. ET, five days per week, Monday through Friday excluding holidays observed by the Reserve Banks. NSS is open from 9:00 p.m. to 6:30 p.m. ET, five days per week, Monday through Friday excluding holidays observed by the Reserve Banks. The Federal Reserve has historically provided at least 30 minutes between the close of NSS and the close of the Fedwire Funds Service, recognizing that the Fedwire Funds Service is the primary alternative for orderly and efficient settlement of bilateral obligations in case a settlement arrangement is unable to complete its multilateral settlement through NSS.

A. Background

The Federal Reserve has a long-standing policy objective to foster a safe and efficient U.S. payment system. The Federal Reserve advances its objectives for the payment system in part through the Reserve Banks' operation of two large-value payment services: the Fedwire Funds Service and NSS.[3] The Fedwire Funds Service is a real-time gross settlement (RTGS) service that allows participants to send and receive individual funds transfers up to one penny less than $10 billion in value. Settlement of payments over the Fedwire Funds Service is immediate, final, and irrevocable. NSS is a multilateral settlement service that allows for immediate, final, and irrevocable settlement of obligations that arise from private-sector clearing arrangements, such as check clearinghouses, a private-sector automated clearinghouse (ACH) network, and securities settlement systems.[4] Together, these services, alongside a large-value payment service operated by the private sector, provide the backbone for the nation's payment system and support a significant amount of economic activity in the United States, including large-value domestic financial market transactions, the U.S. dollar leg of many cross-border transactions, and private-sector payment clearing arrangements.[5]

The Federal Reserve has consistently improved its payment services to meet the evolving needs of the U.S. economy. As technological advancements and globalization of commerce continue to drive change in the large-value payment landscape, the Board believes that expanding the availability of the Fedwire Funds Service and NSS will enhance the safety and

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[3] The Fedwire Funds Service supports large-value payments (frequently referred to as "wholesale" payments). The majority of the value is sent via bank-to-bank transfers, while the majority of the volume is sent via third-party or "customer" transfers, which are sent by Fedwire participants on behalf of their customers (for example, corporations, consumers, and nonbank financial institutions). The average value of a payment in 2024 on the Fedwire Funds Service was $5.4 million, and the median value was approximately $18,000.

[4] Settlement files submitted to NSS can be for an amount up to one penny less than $10 trillion; each entry in a settlement file can be for an amount up to one penny less than $100 billion.

[5] The private-sector large-value payment service is CHIPS®, which is owned and operated by The Clearing House Payments Company L.L.C. (TCH). "CHIPS" is a registered service mark of TCH.

efficiency of the U.S. payment system by extending the hours in which settlement in risk-free central bank money can occur.[6]

B. 2024 Federal Register Notice on Potential Federal Reserve Action

In May 2024, the Board published a request for comment on a proposal to expand the operating hours of the Fedwire Funds Service and NSS. In the 2024 Notice, the Board requested comment on the benefits, risks, and implementation considerations of expanding the operating hours of the Fedwire Funds Service to 22 hours per day, 7 days per week, every day of the year (22x7x365) and to correspondingly expand the operating hours of NSS, with NSS closing 30 minutes earlier than the Fedwire Funds Service.[7] The public comment period for the 2024 Notice closed on September 6, 2024, following a 60-day extension of the original comment period.

In its 2024 Notice, the Board explained the potential benefits, costs, risks, and other considerations related to expanded hours for the Fedwire Funds Service and NSS. In particular, the Board noted how expanded hours might improve the safety and efficiency of both domestic and global large-value U.S. dollar payments, spur new or enhanced private-sector payment solutions, and increase times available for settlement of large-value consumer and business payments in central bank money. The Board also recognized that expanded hours would result in greater overlap and reduced gaps in the operating hours for the Fedwire Funds Service and NSS and key large-value payment services in other jurisdictions. The Board explained that greater overlap with the operating hours of other RTGS systems could in turn support more-efficient cross-border payments and would be consistent with the actions of other central banks that are expanding or considering expanding the operating hours of their large-value payment services.

[6] Central bank money is a liability of the central bank that can be used for settlement purposes and is considered free of credit and liquidity risks. Central bank money has traditionally taken two forms: cash and reserve balances held by eligible financial institutions at the central bank.

[7] References to 22x7x365 herein also refer to the corresponding expansion of NSS, unless the context indicates otherwise.

The Board recognized in the 2024 Notice the need to weigh the potential benefits of expanded hours against the potential costs and risks. The 2024 Notice explained that expanded hours would impose costs on both the Reserve Banks and institutions that participate in the Fedwire Funds Service and NSS due to operational and technical changes. These costs would vary by institution, depending on the level of changes and staffing needed to support such a change. The 2024 Notice also noted that expanded hours could potentially exacerbate liquidity outflows over the weekend and holidays—including for banks under stress—and sought comment on the need for discount window operations to support expanded hours.

The 2024 Notice sought comments on a number of topics relating to the benefits, costs, and risks of expanding the Fedwire Funds Service and NSS operating hours. For example, the Board sought information on the primary sources of demand for expanded hours, the incremental costs associated with expanded hours, and market conditions or barriers that might affect adoption of expanded hours. The Board also sought information about how expanded hours could support innovation and potential future uses of the Fedwire Funds Service and NSS, whether commenters might prefer an interim expansion of operating hours, timelines for implementation, and anticipated liquidity needs in an expanded hours environment. The Board also asked how the ability for participants to opt out of expanded hours might introduce benefits and challenges and how the initiative to expand operating hours should be considered in light of other enhancements or initiatives related to the Fedwire Funds Service and NSS. The following section summarizes commenters' views on these questions and on the Board's proposal in the 2024 Notice.

C. Summary of Comments

The Board received 145 comment letters in response to the 2024 Notice. Comments were submitted by a wide variety of stakeholders in the U.S. payment system, comprising respondents from 37 states and corresponding to the following market segments: small and mid-size banks, large banks, individuals, trade organizations, service providers, financial market utilities

(FMUs), fintech companies, private-sector operators, and other interested parties.[8] Overall, banks were the largest group of respondents, submitting more than half of the comment letters. In addition, a number of trade organizations submitted letters on behalf of constituents in several industry segments, including small and midsize banks, large banks, payments associations, fintech companies, capital markets participants, businesses, and professional associations.

1. Benefits, costs, and risks

Certain commenter segments expressed clear preferences on the proposal to expand operating hours to 22x7x365 based on their particular needs and circumstances in the payment system. Most notably, a large majority of respondents from large banks, financial market utilities, service providers, and fintech organizations supported the proposal because of the benefits outlined in the Board's 2024 Notice. On the other hand, a large majority of small to midsize banks and individuals did not support the proposal, noting that costs and challenges related to staffing, operational changes, and competitive pressure from large banks, among other considerations, would outweigh any benefits from the proposal. The perspectives of trade organizations generally reflected the views of the industry segments that they represent. Trade organizations associated with large banks, financial professionals, fintech firms, and payments associations were supportive of the proposal and represented the majority of trade organization comments. Trade organizations representing small institutions generally were not in favor of the proposal, although some of these organizations indicated that certain implementation approaches could help alleviate challenges. Some trade organizations presented varied opinions based on

[8] "Banks" include any type of depository institution, such as commercial banks, savings banks, savings and loan associations, and credit unions. "Service providers" are entities, such as core payment processors, that provide payment services, processing, or operational and technical support to financial institutions. "Financial market utilities" are multilateral systems that provide the essential infrastructure for transferring, clearing, and settling payments, securities, and other financial transactions among financial institutions or between financial institutions and those systems. "Private-sector operators" are entities that operate payment systems, such as the operator of the current private-sector RTGS services for large-value and instant payments, and payment card networks. For the purposes of this notice, a "small bank" is defined as having assets of less than $10 billion and a "large bank" is defined as having assets of more than $50 billion, while a "midsize bank" is defined as having assets between $10 billion and $50 billion.

disparate views within their membership, such as contrasting views among banks of different sizes.

The following subsections summarize themes that commenters raised with respect to the benefits, costs, and risks presented by the proposal. The Board's response to these themes can be found in sections II, III, and IV.

a. Impact on the U.S. large-value payment system

Many commenters from large banks, fintech firms, and other groups representing financial market stakeholders stated that the proposal would improve safety, efficiency, and innovation in both the domestic and global markets for large-value U.S. dollar payments. These commenters viewed expansion of Fedwire Funds Service and NSS operating hours to 22x7x365 as a worthwhile investment to modernize the U.S.'s large-value payment infrastructure, support the evolution of markets, and address the growing expectations of consumers and businesses in a global economy that operates continuously across time zones. Some commenters from institutions of various sizes suggested that large or globally active corporations and financial institutions would likely have substantially greater demand and use cases for expanded hours in the near term compared with small institutions. Further, a number of commenters from large banks, trade organizations representing financial institutions, private-sector operators, and fintech firms remarked that the potential benefits associated with expanded operating hours would depend on whether banks choose to participate in expanded hours.[9]

b. Benefits for cross-border payments

Many commenters from various segments, particularly trade organizations and firms that are active in global payments markets, thought that the proposal would support greater speed and efficiency in cross-border U.S. dollar payments, such as payments related to international trade, commerce, and foreign exchange. In particular, these commenters said the Board's proposal

[9] Other commenters noted that alignment with other systems and markets is key to fully realizing the benefits envisioned in the Board's proposal.

would support new settlement opportunities for the U.S. dollar leg of cross-border payments on weekend days and U.S. holidays when other international markets and large-value payment systems are open. Some of these commenters anticipated weekend demand for cross-border U.S. dollar payments to international markets that operate Sunday-Thursday, including a number of markets in the Middle East. Commenters also noted potentially significant demand for cross-border U.S. dollar payments on weekday holidays, given that these are regular business days in a wide range of international markets. Finally, a number of commenters in this group indicated that expanded hours would help maintain U.S. competitiveness in cross-border payment networks and would support the role of the U.S. dollar as the preferred currency for global settlement, particularly as other payment systems are expanding their operating hours in numerous jurisdictions across the world.

c. Benefits, costs and risks for domestic payments

In addition to the international considerations for expanded hours, many commenters noted that the Board's proposal for 22x7x365 operations would affect both large-value and retail domestic payments. A number of commenters that supported the proposal, including large banks and trade organizations, indicated that expanded hours for the Fedwire Funds Service and NSS would enable more-efficient funding of domestic instant payment services and would support other domestic large-value transactions, such as large business invoices; settlement transactions for merchants participating in card networks; consumer and commercial loans; transactions related to mergers, acquisitions and real estate; and insurance payouts. Some of these commenters further noted that such benefits would help ensure that the evolving needs of commerce are supported across both retail and wholesale infrastructures.

Some commenters noted that expanded hours for NSS would provide opportunities for private-sector payment systems to conduct multilateral settlement on additional days. Specifically, several commenters from payments associations and the U.S. Congress emphasized that expanded hours for NSS would enable additional settlement windows for ACH, which could support more frequent ACH payments for consumers and businesses, including payments related to payroll direct deposits and card-based sales. One commenter from a trade organization added that expanded hours for NSS alongside the Fedwire Funds Service would support safer and more efficient transactions across all clearing and settlement systems, such as FMUs and retail systems. On the other hand, many commenters from a variety of segments, including both small and large banks, expressed significant concern that expanding NSS hours could prompt private-sector ACH and check networks to expand processing days and settlement windows, potentially compelling their participants to operate on weekends. In addition, a number of commenters, including trade organizations for banks, suggested that expanded processing days and settlement windows for ACH and check services would be redundant and inefficient given the availability of 24x7 instant payment services, and might disincentivize further industry investment in instant payments. Similarly, a private-sector operator of payment systems commented that it would prefer to focus investments in its non-instant retail payment services on security, resiliency, and fraud mitigation rather than efforts to make those services available around the clock. Relatedly, a few commenters suggested that the Federal Reserve and other stakeholders should evaluate the costs and benefits of adding new ACH settlement windows through a separate public comment process. Most commenters, including trade organizations representing banks of various sizes, expressed strong views that the Federal Reserve should not take actions that could encourage further check usage, noting that check fraud has grown significantly.

A few commenters, including two trade associations for banks, noted that private-sector operators could use expanded NSS hours as a contingency funding mechanism in the event of a Fedwire Funds Service outage, supporting resiliency in the payment system. Finally, certain commenters requested that the Federal Reserve clarify its strategy and views with respect to the intended uses of different payment systems. The Board's responses to these considerations are addressed in section III.A.

d. Impact on liquidity management, credit risk, and innovation

Many commenters that supported the proposal noted that new settlement opportunities in expanded hours could reduce credit risk and support greater efficiency in liquidity management, which could also lead to innovation and enhanced services in the payment system, financial markets, and the broader economy. Regarding benefits to the payment system, many commenters associated with large banks noted that expanded hours would improve the efficiency of the private-sector retail instant payment service by allowing participants to manage their liquidity needs in the service on a just-in-time basis, reducing the challenges for participants associated with prefunding their payment activity ahead of weekends and holidays. A few commenters added that expanded hours for the Fedwire Funds Service could facilitate the expansion of the private sector's large-value payment system to weekends and holidays, which could increase benefits to the wholesale payment system.

Similarly, several fintech organizations noted that expanded hours would provide enhanced settlement opportunities and reduce the amount of prefunding that nonbank financial institutions (NBFIs) must hold with their commercial banks. Some of these commenters added that the safety and efficiency benefits arising from enhanced liquidity management would support innovation and growth in NBFI service providers, many of which provide 24x7 services and promote the use of the U.S. dollar in global payments.

Regarding benefits to the banking, corporate, and financial market sectors, some commenters from large banks noted that expanded opportunities for settlement of large-value payments could be a catalyst for enhancements in bank and corporate treasury functions, enabling such functions to more effectively access, manage, and deploy capital to meet day-to-day needs for operations, investments, and risk management. In addition, some commenters noted that broader opportunities for the settlement of time-critical payments would be an important step toward enabling additional days for trade settlement in financial markets. Finally, some commenters representing FMUs noted that expanded hours could support additional collection periods for cash margin and liquidity, which could reduce credit risk and liquidity exposures around weekends and holidays and could increase resiliency in periods of market stress.

At the same time, many commenters that did not support the proposal and many that did support it noted that expanded hours could bring additional staffing costs and other challenges related to liquidity management. A few commenters noted that the expansion of the Fedwire Funds Service and NSS hours may complicate institutions' liquidity management amid uncertainty over potential payment flows and liquidity sources. Several commenters suggested that financial institutions may increase their liquidity positions heading into the weekend or ahead of holidays to ensure they will have sufficient liquidity to meet their payments needs. Further, a number of commenters asked the Board to address the possibility that 22x7x365 operations could enable large deposit outflows during weekends and holidays in a bank run scenario, potentially exacerbating liquidity issues at banks in stress. A few commenters raised questions about the effect of the proposal on weekend bank resolution. Many of these same commenters also expressed support for the Federal Reserve to expand discount window operations to support liquidity provisions for both business-as-usual and financial stability reasons. Section IV addresses these concerns.

e. Demand for large-value payments in expanded hours

Many commenters provided feedback on the expected demand for payments over the Fedwire Funds Service and NSS during expanded hours. Most large institutions identified several potential sources of demand for expanded hours; in contrast, most small institutions did not see immediate demand or business cases for participating in expanded hours, noting that instant payments are sufficient to meet their customers' needs. Other banks stated that potential demand is uncertain and suggested further study by the Federal Reserve.

Some commenters argued that expanding Fedwire Funds Service and NSS hours would likely shift existing volume to weekends and holidays rather than create demand for new transactions. Small banks suggested that this potential shifting dynamic would limit their business case for participating in expanded hours, whereas large financial institutions, businesses, and fintechs noted that payments tend to accumulate around holidays and weekends, so a shift in volume could actually help create a more efficient and predictable flow of payments over the week. Large financial institutions and commenters in the capital markets segment added that such a change in payment flows could support more efficient capital and liquidity management, provide greater funding flexibility and security for their customers, and spur the development of markets and innovative services during weekends and holidays.

f. Staffing costs and competitive impact

Staffing considerations represented the most common challenge noted by commenters. Over half of commenters that did not support the proposal expressed concern about the burden and cost to staff a range of support functions during expanded operating hours. This group of commenters, which consisted mostly of small banks, midsize banks, trade organizations representing those segments, and individuals, noted that small institutions would face a greater staffing burden than large institutions, because small institutions often rely heavily on manual processes to support wholesale payment operations, while larger institutions may have greater resources for automation and flexible staffing models. A number of small banks and individuals expressed concern that expanded hours would harm the quality of life of employees required to work during those hours and that it would be difficult to hire qualified staff as a result.

Many institutions, including those from the small bank and fintech segments, commented on the impact expanded hours would have on their ability to compete with other institutions. Most small banks thought that expanded hours would widen their competitive gap with large banks, noting that large banks are better positioned to offer weekend and holiday wholesale payment services in a cost-effective manner. A few of these commenters indicated that small banks may feel the need to participate in expanded operating hours to appear competitive despite having neither substantial customer demand nor the financial returns to justify participation. On the other hand, some commenters associated with large banks and fintech firms noted that expanded hours could support competition in the payment system by providing a better platform on which both traditional and emerging players can compete in the around-the-clock market for payment services.

g. Other operational considerations

Many commenters from various segments noted that, in order to use the proposed 22x7x365 operating hours for the Fedwire Funds Service and NSS, institutions would need to incur certain incremental costs to modify or upgrade systems and operational processes related to a range of risk management and business functions, with most small institutions noting that such costs would outweigh their potential benefits from the proposal.[10] Other commenters noted that costs could be modest to the extent that institutions are able to build on existing infrastructure they use to support weekend and holiday operations for other services (for example, 24x7x365 instant payments). Some commenters, including banks and trade organizations representing a range of bank sizes, highlighted the need and challenges of providing adequate fraud and cyber risk management measures in a 22x7x365 operating environment, given that these risks could be elevated during periods when fewer resources may be available to monitor risk controls. The Board's responses to commenters' concerns related to fraud and cyber risk are discussed in section IV.

In addition, many commenters noted that, in order to participate in 22x7x365 operations for the Fedwire Funds Service and NSS, banks would need to adapt systems and processes to operate with limited downtime, which could significantly increase costs and operational risks, depending on a participant's particular level of readiness and the amount of time it has to prepare for expanded hours. Commenters explained that existing downtime on weekends provides a key

[10] Commenters noted that there could be substantial costs to extend and modify systems and support functions for managing fraud risk, credit risk, cyber risk, compliance, accounting, reporting, customer service, and other downstream and upstream operations. A number of commenters, particularly from small banks, also cited the need for key vendors to be available during expanded hours to support bank operations.

window for firms of all sizes to conduct system maintenance, upgrades, and testing to support the resilience of firms' technical infrastructure to operational and cyber incidents. Some commenters noted that only two hours of downtime per day in a 22x7x365 operating schedule would not provide sufficient downtime to accommodate system changes and other operational activities. Given these considerations, commenters from both large and small institutions asked for ample time to prepare for expanded hours, with some commenters requesting a phased approach that would start by maintaining substantial windows of downtime.

Many commenters provided feedback on the Board's proposal to extend its existing optional participation model for the Fedwire Funds Service and NSS to include expanded operating hours. Many commenters from various segments supported the Board's proposal to maintain optionality, with some noting that the model would help participants avoid the costs and risks of participation if such participants do not see sufficient benefits. Other commenters raised concerns and considerations related to the opt-in model that are addressed in detail in section IV.

2. *Implementation considerations*

   a. *Preferences for an interim step and daily operating hours*

A small segment of commenters directly addressed the Board's question on whether commenters would prefer an interim expansion of operating hours before moving to 22x7x365 as proposed. Some commenters, primarily representing large banks and fintech firms, did not think the Board should pursue an interim expansion short of 22x7x365, because that approach could add complexity and cost relative to a single-step expansion to 22x7x365. At the same time, many commenters from multiple segments emphasized that the Board's final decision on operating hours should aim to mitigate risks and impacts to participants, and that clarity on the Board's overall path on operating hours would help banks reduce the cost of a phased expansion process.

A significant number of commenters that responded to the Board's question preferred a phased approach with an initial expansion short of 22x7x365. While many commenters representing small institutions were not in favor of expanded hours, a number of these commenters suggested that, with sufficient time to adapt, a shorter or phased expansion approach could be manageable. Commenters suggested various ideas for an interim step, with no consensus on a path forward. Suggestions for an interim step generally included one or a combination of the following: excluding federal holidays, excluding weekends, operating six days per week instead of seven, and retaining a specified number of down weekends or days per year. Many of these commenters noted that an interim step would help participants adapt to new operational needs and provide an opportunity to test demand for expanded hours.

A few commenters indicated preferences for certain changes to the daily operating hours of the Fedwire Funds Service and NSS, although most commenters did not suggest any changes to the daily operating schedule of these services for either current or expanded operating days. Specifically, a few commenters representing institutions in western U.S. time zones asked for a later daily closing time for the Fedwire Funds Service and NSS, noting that this change would better align with the business day in those regions. In addition, one of these commenters asked for weekend and holiday operating hours to be limited to 9:00 a.m. to 5:00 p.m. ET to reduce staffing and system costs for participants in expanded hours.

b. Timeline

About a quarter of commenters addressed the Board's question about their preferred timeline for implementing expanded hours. Of this group, the majority of commenters, consisting of large banks, FMUs, and various trade organizations, were in favor of the Board's proposal to implement expanded hours no sooner than two years after the migration of the Fedwire Funds Service to the ISO 20022 standard, which occurred in July 2025. Some commenters preferred that the implementation of expanded hours begin no sooner than two years after the publication of the Board's decision on expanded hours. These commenters noted that substantial lead time would help the industry adapt staffing, systems, and processes to be ready for expanded hours. Some commenters thought that the Board should not delay the expansion beyond two years. Other commenters indicated that the Board should determine the implementation date based on when a critical mass of participants are willing and ready to participate in expanded hours.

3. Other Considerations

The 2024 Notice asked for feedback on other considerations relevant to an expansion of operating hours for the Fedwire Funds Service and NSS. Commenters asked the Board to consider impacts on money laundering and sanctions compliance screening, with some commenters suggesting the Reserve Banks should conduct such screening. Several commenters suggested that expanded operating hours may require changes to the regulatory definitions of "banking day" and "business day." Commenters also raised topics that were outside the scope of the proposal. These comments are addressed in detail in section IV.C.6.

Commenters also provided feedback on the Board's plan not to expand the operating hours of the Fedwire Securities Service at this time, which is addressed in section IV.C.5.

II. Planned Action

After consideration of the comments received regarding the benefits, costs, and risks of expanding Fedwire Funds Service and NSS operating hours, the Board has decided to expand the operating hours of the Fedwire Funds Service to 22 hours per day, 6 days per week, operating Sunday through Friday, including weekday holidays (22x6), and to expand the operating hours of NSS correspondingly, with NSS closing 30 minutes earlier than the Fedwire Funds Service. The Board believes that expanding operating hours to 22x6 as an interim step, rather than straight to 22x7x365 as originally proposed, balances the considerations raised by different stakeholders, particularly the differing views of large and small institutions, and supports the Board's policy objective to foster a safe and efficient U.S. payment system for the long term.[11]

[11] As noted elsewhere in the notice, prior to making a decision on a further expansion of operating hours, the Board would issue a new proposal and request comments in the Federal Register, and nothing in this notice is binding upon the Board to take further steps.

The Board has further decided that the Fedwire Funds Service and NSS will follow the same daily operating hours on Sundays and holidays as they do for current business days, with the Fedwire Funds Service opening at 9:00 p.m. ET on the calendar day preceding a business day and closing at 7:00 p.m. ET on the business day. Based on this schedule, the Fedwire Funds Service will retain 26 hours of weekend downtime from its 7:00 p.m. ET close on Friday to 9:00 p.m. ET on Saturday when it will open for the Sunday business day, providing a weekly period for participants and other stakeholders to conduct maintenance and testing.[12] Section IV.A explains why the Board determined that 22x6 expanded hours should consist of a Sunday operating day and why all operating days, including Sundays and holidays, should operate on the same hours.

After considering public comments on the preferred timeline for implementing expanded hours, the Board plans for the Reserve Banks to implement the 22x6 expansion in 2028 or 2029. This time frame is intended to provide sufficient time for the industry to complete any remaining changes related to the migration of the Fedwire Funds Service to the ISO 20022 standard, which was completed in July 2025, and to make any necessary technical and operational changes to support expanded hours. The Reserve Banks will update and narrow their implementation time frame for 2028 or 2029 based on industry developments and additional outreach to participants, with the goal of providing sufficient advance notice to all participants. The final go-live date will be informed by industry readiness factors, such as technical and operational considerations.

Regarding potential future expansions of operating hours beyond 22x6, the Board continues to believe and acknowledges comments that 22x7x365 operations could provide additional benefits to the payment system. As a result, the planned expansion to 22x6 will provide the foundational capability for the Reserve Banks to expand operating hours up to 22x7x365 in the future. The Board will continue to monitor industry demand and will stand

[12] As discussed elsewhere in this notice, specifically section IV, participation in expanded hours is optional, and participants are not required by the Federal Reserve to align their business days with Fedwire Funds Service business days.

ready to offer an additional expansion up to 22x7x365 operations no sooner than two years after implementing 22x6 operations. The Board believes that implementing 22x6 will provide stakeholders with the opportunity to better understand the demand, benefits, costs, risks, and operational tradeoffs related to a potential further expansion of operating hours up to 22x7x365. Prior to making a decision on a further expansion of operating hours, the Board would issue a new proposal and request comments in the Federal Register.

III. Assessment of the Planned Action

In 1984, the Board established criteria for the consideration of new or enhanced Federal Reserve payment services in its policy "The Federal Reserve in the Payments System."[13] The policy incorporates the cost recovery requirements of the MCA and the MCA's objective of achieving an adequate level of service nationwide. In expressing the Board's overall expectations for the Federal Reserve's provision of payment services, the policy takes into account longstanding public policy objectives to promote the safety and efficiency of the payment system and to ensure the provision of payment services to banks nationwide on an equitable basis, and the importance of achieving these objectives in an atmosphere of competitive fairness.

Reflecting these expectations, the policy requires all of the following criteria to be met for a major service enhancement, such as the expansion of the operating hours of the Fedwire Funds Service and NSS to 22x6:

- The Federal Reserve must expect that its providing the service will yield a clear public benefit, including, for example, promoting the integrity of the payments system, improving the effectiveness of financial markets, reducing the risk associated with payments and securities-transfer services, or improving the efficiency of the payments system. (*Public Benefits Criterion*)

[13] *See* The Federal Reserve in the Payments System (issued 1984; revised 1990 and 2001), Federal Reserve Regulatory Service 9-1558, https://www.federalreserve.gov/paymentsystems/pfs_frpaysys.htm. As stated in the policy, the Board, in its sole discretion, determines when the process outlined in the policy is applicable and makes all decisions related to the process.

- The service should be one that other providers alone cannot be expected to provide with reasonable effectiveness, scope, and equity. (*Other Providers Criterion*)
- The Federal Reserve must expect to achieve full recovery of costs over the long run. (*Cost Recovery Criterion*)

The following sections provide the Board's assessment of the proposed action under these three criteria.

A. Public Benefit

The Board's *Public Benefits Criterion* requires that a major service enhancement yield long-term benefits to the public and the economy as a whole. Therefore, in determining whether the Federal Reserve should expand the operating hours of the Fedwire Funds Service and NSS to 22x6, the Board has considered the expected public benefits and potential offsetting costs of expanded operating hours.

1. Public Comments

As described above in section I.C, the benefits of expanded hours noted in the public comments generally align with the potential benefits outlined in the 2024 Notice. In summary, comments in support of the Board's proposal highlighted benefits such as enabling certain use cases (for example, cross-border U.S. dollar payments, corporate invoice payments, commercial loan payments, insurance, and real estate payments), supporting enhanced liquidity management for a range of participants in the payment system, supporting the role of the U.S. dollar as the preferred currency for global settlement, and investing in foundational infrastructure to support the future evolution of the payments system.

More specifically related to an expansion of hours for NSS, commenters noted that benefits would include the potential for additional settlement windows for private-sector arrangements that use NSS for final settlement of net payment obligations. Some commenters added that NSS also serves as a potential backup funding and settlement mechanism for critical arrangements that typically use the Fedwire Funds Service. Expanding NSS operating hours in line with Fedwire Funds Service hours would preserve the contingency relationship between these two services.

Small institutions raised concerns about the costs and market pressures that could arise under the Board's original proposal for 22x7x365 operations. In particular, small institutions noted that they did not see significant customer demand for expanded hours, and that participation would bring significant costs and challenges related to staffing, operational, and system changes. Further, many small institutions expressed concern that participation would not be optional in practice due to market factors, even though the Federal Reserve itself would not require participation in expanded hours. Specifically, these commenters worried that competitive pressure from large banks that offer expanded wire services may force small banks to participate in expanded hours over time. Contributing to this sentiment, both small and large institutions expressed concern that expanded hours for NSS could lead to the introduction of new weekend settlement windows for ACH and check.

2. Board Analysis

After considering public comments on the proposal, the Board believes that an expansion of operating hours to 22x6 would provide clear public benefits. In particular, 22x6 operations will provide opportunities for more frequent settlement in central bank money that could enhance safety and efficiency in a range of payments, including cross-border U.S. dollar payments, large-value corporate payments, and funding payments for private-sector payment systems and market participants.

The Board believes that expanding the hours of the Fedwire Funds Service would support the role of the U.S. dollar as the preferred currency for global settlement by expanding the foundational infrastructure on which global U.S. dollar settlement relies. Such an investment would support U.S. competitiveness in cross-border payments networks, particularly as other countries and global payment systems are increasingly providing services for nearly round-the-clock large-value payments.

The Board also believes that expanding Fedwire Funds Service and NSS operating hours to 22x6 will support enhanced liquidity management for participants and private-sector payment systems, and indirectly for their customers, by allowing large-value cash obligations and exposures to be settled more quickly, reducing the need for market participants to prefund transactions ahead of weekends and weekday holidays.

The Board further believes that the potential safety and efficiency benefits of 22x6 operations could enable enhanced and innovative services in the private sector over time. For example, private-sector payment systems and participants may leverage an enhanced foundation for large-value settlement to support expanded trading days or enhanced payment services, providing additional benefits to the broader economy.

The Board understands the concerns raised by small institutions regarding the costs and market pressures that could arise in an expanded operating hours environment. The Board's action in this notice to expand operating hours to 22x6 as an interim step is intended to reduce adjustment costs and challenges for participants relative to an expansion straight to 22x7x365, while still enabling substantial benefits. Further, the Board believes that the ability to opt out of expanded hours will reduce costs to participants that do not see a business case for participating, notwithstanding certain concerns raised by some commenters about optional participation that are addressed in more detail below.[14]

Regarding NSS expansion, while the Board agrees with the benefits noted by commenters, the Board also acknowledges the challenges raised by commenters with respect to NSS expansion enabling the possibility of weekend ACH and check settlement. The Board is clarifying that the Federal Reserve has no current plans to seek expanded processing hours for Federal Reserve ACH and check services. Regarding ACH, changes to processing days would be

[14] Currently, the Reserve Banks do not require participants to be open to process transactions through the Fedwire Funds Service or NSS during all hours of the business day for the Fedwire Funds Service and NSS. As a result, some participants may opt out of participating in certain hours of the day (such as during overnight hours) by not being open to process transactions during those times. As further explained in section IV.C.1, the Reserve Banks will retain this optional participation model for expanded hours.

subject to the Nacha rulemaking process.[15] Additionally, the Board would likely need to seek public comment before committing to any additional same-day or weekend ACH processing windows, which would have a significant longer-run effect on the payment system.[16]

The Board also acknowledges public comments that expanded Fedwire Funds Service operating hours could blur the lines between the usage of the Fedwire Funds Service and the Federal Reserve's other RTGS service, the FedNow Service, which operates around the clock.[17] The Board is clarifying that the benefits articulated in this notice for expanded Fedwire Funds Service hours are specific to the types of payments and markets that the Fedwire Funds Service is intended to support. While the Fedwire Funds Service and the FedNow Service both settle payments in real time, they serve different purposes. Among other things, the Fedwire Funds Service plays a critical role in the implementation of United States monetary policy, is used for time-critical and large-value payments in the financial markets, and supports the role of the U.S. dollar in global settlement. In contrast, the FedNow Service is designed to provide immediate funds availability for lower-value consumer and business transactions.[18] The Board encourages banks to use the Fedwire Funds Service and FedNow Service according to the payment types and use cases that the services are intended to support.

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[15] Nacha governs the automated clearinghouse network through its rules and standards. *See* About Us | Nacha - Administrator of the ACH Network, https://www.nacha.org/content/about-us.

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

[17] The FedNow Service is the Federal Reserve's 24x7x365 real-time gross settlement service that supports instant payments in the United States. The service is intended for lower-value payments that are generally originated by consumers and businesses. "FedNow" is a service mark of the Federal Reserve Banks.

[18] The FedNow Service has a $1 million limit on the maximum transaction value of a payment. Effective November 2025, this transaction limit will be increased to $10 million. The FedNow Service is designed to support end-to-end instant payments from a sender to a receiver by providing immediate funds availability for end users, such as consumers and businesses. Over time, it is expected that banks will increasingly provide their customers with new applications and other digital services for time-critical payments such as last-minute bill payments, daily payroll, real estate transactions, and emergency insurance payouts.

B. Other Providers

Board policy requires that for a major service change, the service should be one that other providers alone cannot be expected to provide with reasonable effectiveness, scope, and equity. The measures of scope and equity reflect the Federal Reserve's objective of ensuring adequate provision of payment services nationwide on an equitable basis. The effectiveness measure addresses the extent to which other providers alone can be expected to advance desirable outcomes in the U.S. payment system.

In considering public comments on the proposal and the Fedwire Funds Service's and NSS's roles in the payment system, the Board believes that other providers alone could not provide equivalent services to expanded hours for the Fedwire Funds Service and NSS as described in more detail below.

1. Public Comments

Many commenters that did not support the proposal, mostly consisting of individuals and small institutions, questioned the need for expanded hours for the Fedwire Funds Service and NSS when instant payment services already support 24x7x365 payments. However, several commenters from large institutions note that the Fedwire Funds Service and NSS serve certain use cases with respect to wholesale and cross-border payments that are not served by instant payment or other services. The previous section provides further detail on the differences between Fedwire Funds Service and instant payment services.

Many comments also noted that the Fedwire Funds Service and NSS serve important roles in providing final settlement in central bank money and in supporting the safe and efficient flow of liquidity throughout the payment system and broader economy.

The private-sector operator of large-value and instant payment services expressed support for expanding the operating hours of the Fedwire Funds Service, noting that the expansion would enable more efficient funding of the operator's instant payment service and could facilitate a potential future expansion of the operator's large-value payment service to weekends and holidays.

2. Board Analysis

In response to comments that existing instant payment systems negate the need for expanding Fedwire Funds Service operating hours in particular, the Board notes that the Fedwire Funds Service and NSS serve certain use cases with respect to wholesale and cross-border payments that are not served by instant payment or other services. Section III.A.2 provides further detail on the differences between Fedwire Funds Service and instant payment services.

With respect to effectiveness, as commenters noted, the Federal Reserve has a unique and critical role in providing foundational services that enable direct settlement of critical payment obligations in central bank money. Specifically, institutions of all sizes as well as other payment, clearing, and settlement services rely on the Fedwire Funds Service as the backbone for final settlement and funding of critical payments in risk-free central bank money. Similarly, NSS provides a safe and efficient foundation for payment, clearing, and settlement arrangements to conduct multilateral settlement of critical large-value payments in central bank money. Financial markets build on the Fedwire Funds Service and NSS to provide safer, more efficient, innovative, and expanded services to end users throughout the economy.

Given these considerations, enhancements to the Fedwire Funds Service and NSS, such as expanded operating hours, support broader enhancements to safety, efficiency, and innovation in the payment system that other providers could not be expected to provide alone. For example, the Board notes that the private-sector large-value payment service relies on the Fedwire Funds Service for funding payments in central bank money to support its settlement process. For this reason and as noted in the private-sector operator's comment letter, the Board's proposal could facilitate a similar expansion in the operating hours of the private-sector large-value payment service. Ultimately, the Board believes there are no exact substitutes for Fedwire Fund Service's and NSS's roles in providing foundational infrastructure for the payment system and the economy.

In terms of scope and equity, today the Fedwire Funds Service and NSS are broadly accessible to eligible institutions across the country on equal terms, and the Federal Reserve would continue to offer participants broad access to the Fedwire Funds Service and NSS during expanded operating hours. Thus, the Federal Reserve could offer institutions similarly broad access to expanded operating hours.

C. Cost Recovery

Section 11A of the Federal Reserve Act, as added by the MCA, requires that fees for Federal Reserve Bank payment services be set in accordance with the principle that, over the long run, those fees recover the costs of providing the services.[19] In addition, Board policy specifies that each major service category offered by the Federal Reserve must separately satisfy the cost recovery objective of the MCA: in the long run, aggregate revenues should match costs.[20] This section provides the Board's assessment of the proposal against these requirements, taking into account relevant public feedback on the proposal.

1. Public Comments

The Board notes that commenters did not provide specific views on cost recovery in response to the 2024 Notice. Instead, commenters' feedback was generally focused on their own expected costs, use cases, and demand for expanded hours as discussed in the summary of comments above. The Board has considered commenter feedback on expected demand and taken a conservative view of how expanded hours might affect the overall growth in Fedwire Funds

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[19] In particular, section 11A provides that, "[o]ver the long run, fees shall be established on the basis of all direct and indirect costs actually incurred in providing the Federal Reserve services priced, including interest on items credited prior to actual collection, overhead, and an allocation of imputed costs which takes into account the taxes that would have been paid and the return on capital that would have been provided had the services been furnished by a private business firm, except that the pricing principles shall give due regard to competitive factors and the provision of an adequate level of such services nationwide." 12 U.S.C. 248a.

[20] The Federal Reserve in the Payments System, *supra* note 13.

Service and NSS payment volumes, which in turn affects how the Board anticipates the service will recover costs in the long run.

2. Board Analysis

The Board believes that the Reserve Banks would be able to achieve full recovery of costs over the long run associated with the proposed 22x6 expanded operating hours. The MCA does not specify the "long-run" period over which the Federal Reserve must recover service costs, nor does the legislative history indicate that Congress intended it to be a specific period. The Board has typically used a rolling ten-year period when assessing long-run recovery of existing services. Because the Fedwire Funds Service and NSS are mature services, the Board believes it is appropriate to evaluate cost recovery for expanding Fedwire Funds Service and NSS to 22x6 operating hours over a ten-year period.

Public comments that discussed the need for expanded hours to support cross-border activity, innovative use cases, and additional settlement opportunities for systemically important and large-value transactions support the Board's own assessment that, over time, expanding Fedwire Funds Service and NSS hours would generate increases in volume and revenue. The Board's cost recovery analysis also factors in the views of some commenters that expanded hours would likely shift existing volume to weekends and holidays rather than create demand for new transactions. In addition, the Reserve Banks' cost recovery analysis factored in expected costs for system changes and additional staffing during the weekends. The Board continues to expect that these costs would be offset by increased Reserve Bank revenue, subject to various factors such as the competitive and/or economic environment in future years, new product enhancement opportunities, and potential Fedwire Funds Service and NSS pricing changes. In addition, Reserve Bank operational costs may be lower for expanded hours due to efficiency gains that could arise from leveraging operations and customer support staff that are already in place for the FedNow Service.

IV. Implementation Details and Considerations

The following section provides a general description of key implementation details and considerations related to the Board's announcement in this notice, including a general explanation of the Board's decision to implement 22x6 operating hours for the Fedwire Funds Service and NSS, details on the implementation timeline, the Board's views on potential future expansions beyond 22x6, plans for providing a participant directory to support 22x6 operations, fraud risk considerations, liquidity and credit risk considerations, and other factors related to implementation raised in the public comments.

A. Implementation of 22x6 operating hours in 2028-2029

After considering public comments on the proposal, the Board believes that 22x6 operating hours that include Sundays and weekday holidays will achieve a substantial amount of the benefits of 22x7x365 operating hours, while balancing the requests of many commenters for a phased or shorter expansion that maintains significant periods of downtime. The Board notes that initial demand for expanded operating hours for the Fedwire Funds Service, particularly with respect to cross-border payments, is most evident on Sundays and weekday holidays when international markets and other jurisdictions' large-value RTGS systems are operating. In addition, an expansion to Sundays and holidays could support more timely settlement of payments that currently accumulate around those down periods.

Currently, the Fedwire Funds Service is open from 9:00 p.m. ET of the preceding calendar day to 7:00 p.m. ET, five days per week, Monday through Friday excluding holidays observed by the Reserve Banks, and NSS is open from 9:00 p.m. to 6:30 p.m. ET, five days per week, Monday through Friday excluding holidays observed by the Reserve Banks. The Board has decided to use the existing daily operating schedule for the Fedwire Funds Service and NSS in expanded hours. With respect to the Fedwire Funds Service, the Board believes that maintaining a 9:00 p.m. ET open on the preceding calendar day for Sundays and holidays would support potential demand for overnight cross-border and foreign exchange transactions just as the 9:00 p.m. ET open supports such transactions during current business days. The Board understands the requests of a few commenters for a later closing time to better accommodate the business day in western U.S. time zones. However, the Board believes that changing the closing at this time would be disruptive to end-of-day processes and other business conventions at participants and the Federal Reserve. Further, extending the closing time would require delaying the opening time, which could impede the international use cases of the Fedwire Funds Service. The Board notes that commenters that supported the proposal generally did not suggest changing the opening and closing times for the services.

The Board has decided not to expand hours to Saturdays at this time because of the heightened challenges of Saturday operations relative to the potential benefits. In particular, the Board understands that many participants and the Reserve Banks currently use Saturday for conducting system maintenance, testing, and upgrades, so maintaining downtime on Saturdays could help participants reduce operational and cyber risk as the market adapts to additional Fedwire Funds Service and NSS operating days.[21] Further, some commenters noted—and the Board recognizes—that weekend downtime provides a helpful pause for financial market stakeholders during periods of market stress. The Board believes that maintaining downtime on Saturday would support stakeholders that have historically used this time to manage market stress events. This downtime may be beneficial for financial stability as stakeholders adapt to financial activity increasingly occurring over more days.

As noted above, the Board plans to correspondingly expand the operating hours of NSS, with NSS closing 30 minutes earlier than the Fedwire Funds Service. The Board believes that expanded hours for NSS would complement expanded hours for the Fedwire Funds Service, providing eligible institutions and private-sector payment, clearing, and settlement services with

[21] The Board notes that, from time to time, Federal Reserve Financial Services (FRFS) announces extended weekend maintenance windows in advance. In 22x6 operations, FRFS will retain the ability to announce extended maintenance windows, which could extend beyond the 26 hours of regular downtime between Friday and Sunday operating days.

wider opportunities for real-time gross and multilateral net settlement of large-value payments in central bank money, which would support greater safety, efficiency, and innovation in the payment system.[22] Further, the Board agrees with commenters that expanded hours for NSS would support resiliency in the payment system because private-sector services are able to use NSS as a backup to the Fedwire Funds Service in contingency scenarios.

The Board recognizes that some commenters asked for NSS operating hours to not be expanded at this time primarily because of concerns about NSS enabling the possibility of new ACH and check settlement windows on weekends, which could bring significant challenges for some institutions. As discussed in detail in sections III.A.2 and IV.C.1, the Federal Reserve has no current plans to seek expanded processing hours for Federal Reserve ACH and check services. Further, the Board believes that these challenges raised by commenters warrant careful consideration through public consultation processes before any expansion of ACH or check settlement into the weekend or holidays.

As discussed above, the Federal Reserve intends to implement 22x6 operating hours for the Fedwire Funds Service and NSS between 2028 and 2029, with a specific time frame for launch to be determined based on participant readiness and outreach through established Reserve Bank communication channels, such as FRBservices.org. The Board believes that this time frame is consistent with requests from most commenters for a minimum two-year period to prepare for expanded hours following publication of this notice.

B. Potential future expansions beyond 22x6

Commenters that supported the proposal generally thought that the Board should expand operating hours to 22x7x365. The Board believes that an expansion first to 22x6 as an interim step would help the industry adjust to expanded operating days in the near term. At the same time, the Board agrees that expanding to 22x7x365 operations in the future could increase the

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

benefits discussed in this notice. The Board will continue to monitor industry demand and will stand ready to offer an additional expansion up to 22x7x365 operations no sooner than two years after implementing 22x6 operations. Further, the Reserve Banks will continue to collect feedback from participants on their service needs through the Reserve Banks' regular participant engagement channels. The Board believes that the process of implementing 22x6 will provide stakeholders with the opportunity to develop a better understanding of the demand, benefits, costs, risks, and operational tradeoffs to further expansion of operating hours to 22x7x365. Given that these considerations related to 22x7x365 operations are likely to evolve as the industry prepares for or adapts to 22x6 operations, the Board would solicit comments through a Federal Register notice prior to further expansion of operating hours.

C. Other operational considerations for 22x6 operations

1. Opt-in model for the Fedwire Funds Service and NSS

A number of commenters provided feedback on the Board's proposal to maintain optional participation in the Fedwire Funds Service and NSS during expanded hours. While many commenters acknowledged that the Federal Reserve itself will not require banks to participate in expanded hours, many small bank commenters and related trade organizations expressed concern that small institutions may feel competitive pressure to participate if large institutions choose to offer payment services that leverage the Fedwire Funds Service during expanded hours. In addition, many commenters from a range of market segments expressed concern that private-sector arrangements that use NSS could expand processing days and settlement windows to the weekend and require their participants to participate under the terms of the arrangements. Finally, a few commenters noted that maintaining an opt-in model could, over time, hinder sufficient adoption in expanded hours and the ability to achieve the benefits stated in the Board's proposal.

The Federal Reserve is committed to offering flexible, reliable, and secure payment processing and settlement, and the opt-in availability to participants remains a key component of the Fedwire Funds Service and NSS. As noted in the Board's 2024 Notice and in some public comments, the opt-in model would help participants avoid costs and challenges related to expanded hours if they do not see a sufficient benefit in using such hours—flexibility that participants use today if they do not see a need to participate in overnight operating hours.[23]

Regarding NSS expansion, the availability of NSS on weekends and holidays could, in theory, enable private-sector ACH and check arrangements to add new settlement windows during these expanded hours, and potentially require their participants to participate. However, as stated above, the Board does not anticipate expanding check processing days and believes that expansion of the Federal Reserve's ACH processing windows would likely require public comment, through which the Board would consider the benefits and costs to institutions from expansion of such services.

2. Other enhancements to the Fedwire Funds Service and NSS

About a fifth of commenters addressed the Board's question about whether other service enhancements would be beneficial in the context of expanded hours. Among these commenters, the most requested enhancement was for a participant directory that would identify which Fedwire Funds Service participants are active during expanded hours. These commenters noted that such a directory could support more efficient payment flows and help prevent trapped liquidity in the network of Fedwire Funds Service and NSS participants.

Given that a broad theme from public comments was that the Federal Reserve should take steps to support liquidity management in expanded hours, the Federal Reserve intends to

[23] Even if a participant chooses not to operate during some or all of the Fedwire Funds Service or NSS hours, the Reserve Banks would continue to deliver Fedwire Funds Service payment orders or NSS transactions sent to the participant during those times and settle those transactions by crediting the participant's Reserve Bank settlement account, as they do today. For the Fedwire Funds Service, if a Sunday or holiday is not a funds-transfer business day for a participant, or the participant establishes cutoff times for the receipt of payment orders on those days, the participant would not be required to act on payment orders received on those days or after those cutoff times, respectively, until its next funds-transfer business day. For NSS, if a participant does not settle NSS transactions during part or all of a Sunday or holiday, it may be unable to send or receive transactions through the private-sector clearing arrangement during those times depending on the rules of the clearing arrangement. The Reserve Banks will retain this optional participation model for expanded hours. The 2024 Notice describes in greater detail the optional participation model and implications for participants. 89 FR 39613, 39618–19.

consider developing a participant directory. The Reserve Banks will engage with participants to solicit feedback on whether and how to implement any directory.

3. Fraud risk

Comments received in response to the 2024 Notice emphasized the heightened risk of fraud during expanded hours and noted the importance of fraud-monitoring staff and tools to aid in mitigating fraud risk. Some commenters noted that in the current operating environment, fraud risk is often greater during weekends and holidays, and that institutional risk controls will need to adjust to anticipate automated and staffing solutions during extended hours. The Board agrees that strong mechanisms are necessary to support the overall safety and efficiency of the nation's payment system. The Board is exploring ways the Federal Reserve could mitigate payments fraud within its specific authorities. The Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency published a Request for Information seeking input and engagement from a variety of stakeholders to identify and evaluate the range of potential actions they could consider, including in the Federal Reserve's role as a payments system operator.[24] The agencies are assessing comments in response to that Request for Information.

4. Liquidity and Credit

Comments in response to the 2024 Notice indicated concerns about adequate liquidity being available to support expanded operating hours on weekends and holidays. To support their current payment services, the Reserve Banks provide liquidity in the form of intraday credit, also known as daylight overdrafts, to eligible banks and subject to the Federal Reserve's Policy on Payment System Risk (PSR Policy).[25] Intraday credit supports the smooth functioning of the payment system by supplying temporary liquidity to cover shortages that can result when the timing of payment inflows and outflows are not balanced.

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[24] 90 FR 26293 (June 20, 2025).

[25] Intraday credit is generally available to banks that are financially healthy and have regular access to the discount window (the Federal Reserve's program for overnight lending to banks). *See* Board of Governors of the Federal Reserve System, "The Federal Reserve Policy on Payment System Risk," Part II, https://www.federalreserve.gov/paymentsystems/psr_about.htm.

The Federal Reserve intends to provide intraday credit for Fedwire Funds Service and NSS transactions during expanded hours under the same terms and conditions that the services receive during their current operating hours. As is the case today, participating banks would be expected to manage their master accounts in compliance with Federal Reserve policies, including avoiding overnight overdrafts.[26] These expectations would apply over weekends and holidays, given that the Fedwire Funds Service and NSS would operate 22x6.

Account balance management may become more complex in a 22x6 environment and require attention on Sundays and weekday holidays. Participating banks may need to adjust internal account monitoring practices to manage intraday liquidity. Liquidity management would be particularly important to avoid a negative balance at the close of the Fedwire Funds Service operating day. Specifically, banks would need to carefully monitor transactions in real time or ensure that sufficient funding is available in their master accounts to cover payments that may arise shortly before the service's closing.[27] A few commenters suggested that the Board treat all extensions of credit from Reserve Banks as intraday credit on weekends and holidays until the next weekday business day. A few commenters suggested that, because market funding sources may be limited during the proposed expanded hours, institutions should not be required to fund daylight overdrafts at close of business to prevent overnight overdrafts during expanded hours but rather they should be able to fund them on the next weekday business day. One commenter suggested a reduction in overnight overdraft penalties during expanded hours if the discount window is not available.

The 2024 Notice sought comment on the need for discount window operations to support expanded hours for the Fedwire Funds Service and NSS.[28] Commenters that directly addressed

[26] To minimize Reserve Bank exposure to overnight overdrafts, policy established by the Board discourages institutions from incurring overnight overdrafts by charging a penalty fee. *See id.,* Part III.

[27] The Reserve Bank's Account Management Information (AMI) service provides a near–real time view of account balances. Institutions could use AMI or other internal systems for monitoring account balances.

[28] The discount window is a Federal Reserve lending facility that helps to relieve liquidity strains for individual banks and for the banking system as a whole by providing a reliable backup source of funding. Additional information on the discount window is available at https://www.federalreserve.gov/regreform/discount-window.htm.

this question, including commenters from large banks, trade associations representing a range of bank sizes and capital markets participants, financial market utilities, and private-sector operators, recommended that the Federal Reserve extend discount window operations to include weekends and holidays. Several of these comments further indicated that the discount window's operating hours should be fully aligned with the Fedwire Funds Service and NSS hours to support liquidity management (that is, it should operate for 22 hours each day). Many commenters pointed to uncertainty over payments activity on weekend and holidays as likely to complicate firms' end-of-day liquidity management, and more than 10 comments reported that banks were likely to increase their liquidity positions heading into weekends and holidays to ensure sufficient liquidity to meet uncertain payment needs. A few commenters noted that expanded operating hours for the Fedwire Funds Service and NSS would raise the prospect of a bank experiencing potentially rapid deposit outflows on weekends or holidays. In this scenario, the discount window may mitigate risk of contagion to other institutions. Finally, some commenters that did not support the proposal, including some small institutions and trade organizations representing small institutions, nevertheless indicated that if the Board does decide to pursue expanded operating hours for the Fedwire Funds Service and NSS, then discount window operating hours should be expanded as well. Most commenters that did not support the proposal did not address the Board's question on the discount window.

About half of the comments that supported expanding discount window operations emphasized that private sources of overnight funding for banks were likely to be scarce or completely unavailable on weekends or holidays. Several noted that existing wholesale funding markets do not operate on weekends and holidays and are not likely to emerge, particularly with the Federal Reserve not considering the expansion of the Fedwire Securities Service at this time.[29] Several of these commenters suggested that the Federal Reserve consider additional

[29] As explained in the 2024 Notice, the Board is not considering expanding Fedwire Securities Service operating hours at this time. 89 FR 39613, 39620 (May 9, 2024). The Board addresses public comments on this topic in Section IV.C.5 below.

options to support banks' liquidity management on weekends and holidays, for example by operating the standing repurchase (repo) facility, or by opening both the Fedwire Securities Service and the Reserve Banks' collateral management system to allow banks to transfer securities collateral to the discount window.[30]

The Board recognizes that depository institutions will need ready access to a range of robust liquidity sources as (i) the FedNow Service continues to mature and (ii) the operating days of the Fedwire Funds Service and NSS expand to include weekends and holidays. The Fedwire Funds Service and NSS have transaction limits of up to one penny less than $10 billion per payment order and one penny less than $10 trillion per settlement file, respectively. Given the potentially large size of these transactions, it is particularly important that adequate liquidity sources are available on days that the Fedwire Funds Service is operational. As a result and recognizing the comments received on this topic, the Federal Reserve is exploring expanding discount window operating days in connection with the expansion of the Fedwire Funds Service. As part of this exploration, the Federal Reserve plans to conduct additional outreach to stakeholders to ensure it fully understands the benefits and costs of expanded discount window operations for institutions of various sizes.

Regarding Federal Reserve credit, the Board notes that the Federal Reserve is not adjusting fees or the framework for the treatment of daylight and overnight overdrafts occurring on weekends and holidays. As a result, all daylight and overnight overdrafts will be treated consistently regardless of when these overdrafts occur.

5. Fedwire Securities Service

A small number of comments on the 2024 Notice asked for the operating hours of the Fedwire Securities Service to be extended alongside the hours of the Fedwire Funds Service and NSS, while other commenters agreed with the Board's reasons for excluding the Fedwire

[30] A few commenters expressed a desire for Federal Home Loan Banks (FHLBs) to operate on weekends and holidays to provide an alternative source of liquidity. FHLB operations are outside the scope of the 2024 Notice.

Securities Service from its proposal. Commenters that requested Fedwire Securities Service operating hours be expanded cited several needs for the Fedwire Securities Service during weekends and holidays, including needs related to market liquidity, secured financing and repo markets, collateralization with respect to market exposures, and Federal Reserve credit and liquidity facilities. Some commenters that did not support expanded hours for the Fedwire Securities Service at this time thought it would be helpful for the Federal Reserve to conduct a feasibility study with the industry on the costs and benefits of a potential future expansion.

The Board is not considering expanding the operating hours for the Fedwire Securities Service at this time.[31] The Board continues to believe that the expansion of Fedwire Funds Service and NSS operating hours will not create significant changes in secured lending, derivatives markets, or other market activity that would necessitate expanded operating hours for the Fedwire Securities Service in the near term. After considering public comments on the proposal, the Board also continues to believe that the aggregate value of transfers during current off-hours for the large-value payment services will likely be relatively low at the outset and thus unlikely to result in increased demand for securities transfers during those hours. The Board agrees with some commenters that, in the longer term, expanded hours for the Fedwire Funds Service and NSS could influence markets, which could in turn increase demand for the Fedwire Securities Service during current off-hours. The Board also acknowledges that, under the Board's current approach, participants will need to anticipate needs for and pledge securities in the Fedwire Securities Service in advance of weekends and weekday holidays. The Board will continue to monitor potential demand and seek feedback from institutions to determine whether to pursue a future expansion of Fedwire Securities Service operating hours.

[31] The Fedwire Securities Service is currently open for transfers between participants from 8:30 a.m. ET until 3:30 p.m. ET Monday through Friday, excluding holidays observed by the Reserve Banks. In addition, Fedwire Securities Service participants may reposition securities between their own securities accounts from 8:30 a.m. ET until 7:00 p.m. ET on those same weekdays.

6. Other considerations

Commenters raised a number of considerations related to the implementation of expanded hours that were not discussed in detail in the 2024 Notice. This section provides the Board's response to these additional topics.

At least one commenter suggested that the Federal Reserve implement and perform centralized screening to ensure compliance with Office of Foreign Asset Control (OFAC) requirements for Fedwire Funds Service customers to ease the burden on those that participate in expanded hours. While the Board understands that such a change would have certain benefits to participants, the Board does not believe it appropriate for Reserve Banks to conduct screening on behalf of financial institutions and notes such screening would not replace a financial institution's obligation to comply with OFAC requirements.

Several commenters asked whether the Board would amend the definitions of "banking day" and "business day" in Regulation CC if the Fedwire Funds Service expanded into the weekend and holidays. Some commenters also raised this as a consideration if ACH and check activities are expanded into the weekend or holidays. The Board notes that no amendments to Regulation CC are needed to facilitate the expanded hours because in-scope depository institutions are (i) deemed not to receive funds from wire transfers on weekends or holidays for Regulation CC purposes and (ii) not required to make funds from wire transfers available for withdrawal on weekends or holidays.[32] Banks are similarly deemed not to receive ACH and check funds on the weekend or legal holidays under Regulation CC and not required to make

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[32] Regulation CC implements the Expedited Funds Availability Act (EFFA) (12 U.S.C. 4001 et seq.) and the Check Clearing for the 21st Century Act (Check 21 Act) (12 U.S.C. 5001 et seq.). 12 CFR § 229.1(a). Among other things, EFAA requires in-scope depository institutions to make funds from wire transfers available for withdrawal not later than the business day after the business day on which such funds are received for deposit. "Business day" in EFAA is defined not to include Saturdays, Sundays, or legal holidays. Any funds deposited with an institution on those days are deemed not to be deposited for EFAA purposes until the next business day, and banks are not required to make funds available on those days. Regulation CC aligns with EFAA, except that the time for making funds from wire transfers available under Regulation CC starts only on a "banking day" for the institution. "Banking day" is defined in Regulation CC as the part of any business day (defined as any weekday excluding specified holidays) on which an office of a bank is open to the public. Funds received on a day that is not a banking day for the depository institution are considered deposited on the next banking day. *Id.,* §§ 229.2(f), 229.10(b) & 229.19(a)(5).

funds available on those days.[33] Relatedly, a commenter also noted that private parties often rely on the Fedwire Funds Service operating day for contractual definitions, including for defining the term business day. The Board believes that these parties will be able to adapt their contracts after the Fedwire Funds Service and NSS operating hours are expanded.

Several commenters asked about the potential regulatory impact of expanded hours, particularly with respect to liquidity regulations such as Regulation WW and Regulation YY.[34] The Board notes that its decision on expanded hours does not change the legal standards for liquidity risk management. Institutions remain responsible for ensuring that their liquidity risk management reflects their operational reality if they opt in to expanded hours. The Board's timeline for expanding operating hours is intended to provide institutions with time to evaluate and, if needed, adapt their organization to account for this and other considerations discussed in this notice.[35]

Some commenters suggested that the Federal Reserve impose regulatory or contractual requirements on Fedwire Funds Service participants to report, share, investigate, and mitigate fraud. Others asked about potential changes to Fedwire Funds Service and National Settlement Service operational practices (for example, planned outages, cutoff times, or the closing time for the service's business day). As noted in section IV, the Board is assessing public comments following publication of a separate Request for Information related to fraud considerations. In addition, the Reserve Banks will continue to collect input and consider enhancements to address the needs of Fedwire Funds Service and NSS participants through the Reserve Banks' regular engagement with its participants.

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[33] *Id.,* §229.10(b) & (c).

[34] A few commenters also raised questions about the impact of expanded hours on rules applicable to futures and securities, including the Board's Regulation T and the Security and Exchange Commission's Rule 15c3-3. Changes to rules applicable to futures and securities are outside the scope of this Federal Register notice. Nevertheless, the Board has not identified a reason that expanding the hours of the Fedwire Funds Service and NSS into the weekend would affect these rules.

[35] For example, institutions may need to factor expanded hours into their internal models for Regulation YY internal liquidity stress testing.

V. Competitive Impact Analysis

Board policy requires that the Board conduct a competitive impact analysis when considering changes to a service. The policy requires the Board to first determine whether there will be a direct and material adverse effect on the ability of other service providers to compete effectively with the Federal Reserve in providing similar services and then, if such an adverse effect is identified, to determine if that effect is due to differing legal powers or the Federal Reserve's dominant market position deriving from such legal differences. Next, if such legal differences exist, the proposed change would be further evaluated to assess its benefits and determine if the proposal could be modified.[36]

The Board continues to believe that an expansion of Fedwire Funds Service and NSS operating hours would not have a direct and material adverse effect on the ability of other service providers to compete effectively with the Federal Reserve. In particular, the Federal Reserve provides the only large-value payment services in the United States that allow settlement in central bank money.

While some commenters questioned the need for expanding Fedwire Funds Service and NSS operating hours given the availability of instant payment system (see section III.B), none of the commenters raised concerns about the effect expanding Fedwire Funds Service and NSS

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[36] *See* The Federal Reserve in the Payments System, *supra* note 13. The policy states, "The Board will also conduct a competitive impact analysis when considering an operational or legal change, such as a change to a price or service, or a change to Regulation J, if that change 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 due to differing legal powers or constraints or due to a dominant market position of the Federal Reserve deriving from such legal differences. All operational or legal changes having a substantial effect on payments-system participants will be subject to a competitive-impact analysis, even if competitive effects are not apparent on the face of the proposal. In conducting the competitive-impact analysis, the Board would first determine whether the proposal has a direct and material adverse effect on the ability of other service providers to compete effectively with the Federal Reserve in providing similar services. Second, if such an adverse effect on the ability to compete is identified, the Board would then ascertain whether the adverse effect was due to legal differences or due to a dominant market position deriving from such legal differences. Third, if it is determined that legal differences or a dominant market position deriving from such legal differences exist, then the proposed change would be further evaluated to assess its benefits, such as contributing to payments-system efficiency or integrity or other Board objectives, and to determine whether the proposal's objectives could be reasonably achieved with a lesser or no adverse competitive impact. Fourth, the Board would then either modify the proposal to lessen or eliminate the adverse impact on competitors' ability to compete or determine that the payments-system objectives may not be reasonably achieved if the proposal were modified. If reasonable modifications would not mitigate the adverse effect, the Board would then determine whether the anticipated benefits were significant enough to proceed with the change even though it may adversely affect the ability of other service providers to compete with the Federal Reserve in that service."

operating hours would have on other service providers' ability to compete effectively with the Federal Reserve. Where commenters raised competitive considerations, they were supportive of expanding the Fedwire Funds Service operating hours. The main private-sector provider of large-value payment services and the large majority of commenters from large banks, financial market utilities, and fintech companies offered comments on the 2024 Notice explaining that they would benefit from an expansion of Fedwire Funds Service operating hours. In particular, these organizations indicated that an expansion of Fedwire Funds Service operating hours would improve efficiency and reduce risk in conducting U.S. dollar payments and settlements and would support private-sector payments efforts in the United States. For instance, expanding Fedwire Funds Service operating hours could improve liquidity risk management for payment systems that rely on the Fedwire Funds Service for prefunding (for example, a private-sector instant payment service, a large-value payment service, and a foreign exchange settlement system). Accordingly, an expansion of Fedwire Funds Service and NSS operating hours is not expected to adversely impact any other service provider that competes with Federal Reserve payment services and could instead support their efficiency and resilience.

By order of the Board of Governors of the Federal Reserve System.

Benjamin W. McDonough,
Deputy Secretary of the Board.

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