



**RICHARD A. JONES**  
*Senior Vice President  
and General Counsel*

April 15, 2004

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Ave., N.W.  
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RE: Docket No. OP-1182

Dear Jennifer:

This is in response to the Board of Governors' request for comment on two modifications to its Policy Statement on Payments System Risk (PSR). The Board intends to alter the posting rules for interest and redemption payments on securities issued by government-sponsored enterprises (GSEs) and certain international organizations and eliminate daylight credit access for these entities in their principal and interest accounts. Under the new rule, Reserve Banks will release interest and redemption payments on Fedwire-eligible securities issued by a GSE or international organization only when the issuer's Federal Reserve account contains funds equal to or in excess of the amount of the interest and redemption payments to be made. In addition, the Board intends to align the treatment of GSEs' and certain international organizations' general accounts with that of other account holders that do not have regular access to the discount window. The Board requests comment on how these changes should be implemented.

The Federal Reserve Bank of Atlanta views the entities involved (the GSEs and international organizations mentioned explicitly as well as large depository institutions that may be indirectly impacted) as sufficiently sophisticated and endowed with the needed incentives to organize an efficient transition to the new payment system rules without further guidance from the Board of Governors. We do not view a phased approach, such as sequentially relaxing posting times while imposing ever stricter limits on daylight credit use in principal and interest accounts, as necessary to prompt the affected entities to allocate the costs of the loss of GSE intraday credit efficiently among themselves and ensure a smooth transition of market functioning under the new PSR rules. We recommend the Board maintain the current PSR policy as it pertains to the GSEs and the noted international organizations until July 2006, at which time the new rules take effect.

We trust these comments will be helpful to the Board.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard A. Jones", written over a light gray rectangular background.

Richard A. Jones