

# JPMorganChase

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September 6, 2024

Via Electronic Submission (regs.comments@federalreserve.gov)

Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue N.W.  
Washington, DC 20551

Re: Expansion of Fedwire® Funds Service and National Settlement Service Operating Hours; Docket No. OP-1831

Dear Ms. Misback:

JPMorgan Chase Bank, National Association (JPMC) appreciates the opportunity to submit this response to the Board of Governors of the Federal Reserve System (the “Board”) regarding its potential changes to the Fedwire® Funds Service and the National Settlement Service (NSS) to expand operating hours published in the Federal Register on May 9, 2024 (the “Proposal”).

JPMC is supportive of the Board’s efforts to expand the hours of the Fedwire Funds Service and NSS. JPMC averages daily global payment processing value of approximately USD 10 trillion, and has significant experience regarding the challenges of providing payments services to customers in multiple jurisdictions and time zones. JPMC participates in numerous real-time gross settlement (RTGS) systems and real-time/instant/faster payment systems and has an extensive network of correspondent banks and service providers in many markets, some of which already operate during weekend hours. JPMC also acknowledges the updated priorities of the FSB/CPMI Cross-Border Payments Roadmap as endorsed by the G20 to make cross-border payments faster, cheaper, more transparent and more inclusive.

One major priority for the industry over the next 18 months and beyond is to work through the changes required technically and operationally to implement ISO 20022 messaging for payments activity. This will include incrementally uplifting the quality and quantum of data used within payments messages, executed in a way that is realistic, coordinated and that incentivizes adoption. As such, JPMC agrees with the timeline proposed for the expansion of the Fedwire Funds Service and NSS operating hours to be no earlier than two years after Fedwire Funds ISO 20022 migration.

The key themes of JPMC's responses to the questions raised in the Proposal are summarized below. You can also find detailed answer to the specific questions in the Proposal in the body of this response.

- The Proposal supports the goal of the G20 program to make cross-border payments faster.
- The Proposal provides financial institutions, the corporate sector and the public sector access to domestic and cross-border settlement in US Dollars (USD) over weekends and holidays for high priority payments – the average Fedwire payment in 2023 was over \$5.6MM.
- The Proposal enables improved liquidity management and ensures there is not trapped liquidity due to any lack of parity with other real time gross settlement systems globally, therefore preserving the strength of the USD as the global funding currency.
- Overall, businesses and consumers will benefit from innovation over time.
- JPMC agrees with the opt-in participation model so that banks with lower volumes are not challenged to staff expanded hours if not warranted by their business, but the value of expanded hours is ultimately in getting more banks to opt-in. Further analysis of the risks to banks processing payments on weekends and holidays when the bank on the other end of such transactions has not opted-in should be considered.
- JPMC supports the Board's stance on not currently considering expanding operating hours for the Fedwire Securities Service. If the Board was to change this stance in the future, JPMC would support a full and separate public feasibility and cost benefit analysis in consultation with the industry.
- The industry will need the discount window hours expanded to include weekends and holidays and banks who opt-in to extended operating hours will need to preposition collateral at the Federal Reserve for weekends and holidays. This expansion of the discount window access should also be considered and developed as part of the review of other potential liquidity management changes by the Board.

JPMC looks forward to further constructive interaction on this important topic and is happy to discuss any of our comments in more detail. Should you have any questions, please contact Beth Geller at (212) 552-1783 or [beth.geller@jpmchase.com](mailto:beth.geller@jpmchase.com).

Sincerely,



**Gayathri Vasudev**  
Managing Director  
Commercial & Investment Bank



**Ashish Ajmera**  
Managing Director  
Consumer & Community Banking

## **JPMC Comments to Board Questions**

*1. What are the primary benefits to the banking industry, financial markets, and broader economy from an expansion to 22x7x365 Fedwire Funds Service and NSS operating hours? What are the primary benefits to your institution?*

The proposed changes to the Fedwire Funds Service and NSS are necessary to meet market demand and allow for enhanced clearing and settlement services and support faster settlement of domestic and cross border payments, including foreign exchange (FX) transactions. JPMC agrees that the proposed changes set forth in the Proposal would yield a clear public benefit, as they would expand access to domestic and cross border settlement in US Dollar (USD) central bank money to weekends and holidays, which would benefit businesses, the public sector and financial institutions who will be able to make time-sensitive cross-border and high priority payments as well as consumers having a need to send and receive same-day cross border and high priority payments in an increasingly digital, always on economy. For consumers, the benefits would accommodate the more “real time” needs of home purchasers that depend on third party providers (title, appraisals, insurance, etc.) to complete their transactions when needed documents become available. If the opportunity to exchange funds real time is not possible, families need to defer finalizing their purchases until the payment system can accommodate the exchange of funds, which can be deeply disappointing and in some cases can impose hardships to families who may not have alternative shelter options or otherwise need to incur additional, unexpected costs relating to rental, storage or moving expenses. Additionally, renters and distressed consumers would benefit from the ability to make last minute, time-sensitive payment to avoid eviction, foreclosures or late fees. However, in these consumer focused use cases, the impact on consumers will be asymmetrical if the final rule does not mandate that all US banks participate in the extended hours. The impacts would be felt by customers of banks opting in that are unable to remit payments to non-participating banks during weekends and holidays and, conversely, by customers of banks opting out that are unable to remit payments to participating banks during weekends and holidays.

Opening the Fedwire Funds Service and NSS during weekends and holidays will enable new options for managing risk for customers of all participating financial institutions, and provides a foundation for innovation and improved liquidity management in ancillary payment systems and across the economy.

From a public policy perspective, the Proposal supports the role of the USD as the preferred global settlement currency and aligns to the Committee on Payments and Market Infrastructures (CPMI) “Extending and aligning payment system operating hours for cross-border payments” final report end state 2, creation of a meaningful global settlement window on weekends and public holidays, helping to close the gaps in operations created by holidays and weekends.

*2. What will be the primary sources of demand for expanded hours for the Fedwire Funds Service and NSS, from 22x5 to 22x7x365? What types of transactions or institutions are most likely to generate demand for the ability to make payments during weekend hours? What additional use cases could be satisfied with the expansion to full 24x7x365 operating hours? Would they represent sources of new and additional volume that could flow over the Fedwire Funds Service, a shift of existing volume over the service, or both?*

The primary demand for expanded hours comes from JPMC clients outside of the Eastern time zone, including in particular the Middle East and Asia Pacific (APAC) markets. Expanded operating hours can

also help mitigate risk faced in FX and other markets who would transact at these times. Expanded hours would also help banks support a wide range of clients looking to offer round-the-clock services to their own customers, including non-bank financial institutions (NBFI) that operate through direct Fedwire participants. These would represent both a shift of existing volume over the service and new/additional volume. It is likely that APAC markets operating through traditional account holders which are open between 7-9 PM ET would be the primary use cases for the expansion to full 24x7x365 and would shift volume to those hours when available.

*3. How might expanded operating hours of the Fedwire Funds Service and NSS support private-sector innovation?*

Client demand is increasingly focused on real-time, around-the-clock service and availability. Expanded operating hours will provide banks with more options to meet client demand and help spur innovation. NBFI clients that rely on banks that are direct Fedwire participants to access the payments system would be able to improve their offerings. Weekend NSS hours might also enable ACH to offer a late Friday settlement window for west coast or weekend settlement, though that has already been invested in and is being served by FedNow and RTP, therefore there may be limited business case for ACH expansion. Changes to ACH will impact a broad group of banks of different sizes and require further discussion and agreement by the operators and participating banks.

The availability of the Fedwire Funds Service during weekends and holidays will provide opportunities to improve management of instant payment system funding and reduce risks in that funding process.

*4. How does the existence of the FedNow Service affect your views of the benefits of expanded hours for the Fedwire Funds Service and NSS? How do you anticipate using these services in the future?*

The FedNow Service (FedNow) is the Fed's most modern rail, available 24x7x365, meeting client demand for always available, instant domestic payments. Banks that participate in FedNow agree to both immediate settlement and to make the funds available to their customers. Allowing banks to "opt-in" to the weekend and holiday extension could result in added risk to a bank that opts in and offers weekend/holiday processing of payments to its own customers but must wait for the next banking day to receive settlement from a bank that has not opted in. JPMC will continue to use FedNow and The Clearing House RTP system to service client use cases. The average Fedwire Funds Service payment value in 2023 was over \$5.6MM; the \$500,000 limit in FedNow (and RTP \$1MM limit) is not sufficient to handle correspondent banking, large corporate and public sector use cases on weekends/holidays. In addition FedNow reach is limited, and neither correspondent banking nor cross border payments are supported, as FedNow is focused on domestic transactions. While that may change in the future, it may take significant time and be cost-prohibitive to coordinate.

Wire processes are ubiquitous, well established (including case law) and more flexible from a processing perspective than instant payments and will benefit from the Proposal's 365 day processing to further reduce frictions in cross border remittances and commerce.

The proposed changes make FedNow, the Fedwire Funds Service and NSS all look more similar, and understanding the markets they support is necessary for banks to align their strategies and activities on these services.

*5. Do you prefer an interim expansion of operating hours before moving to 22x7x365? If so, what operating hours for the Fedwire Funds Service and NSS would be most useful for your institution? What considerations factor into your preference?*

JPMC does not think an interim step is necessary for us given the proposed timeline for two years after Fedwire Funds ISO 20022 adoption. Additional phases will increase implementation costs for the Fed and the industry. However, having a critical mass of participants will be key to the value of expanded hours, so the Board should engage with the industry to confirm readiness for the proposed timeline.

*6. What is your preferred timeline for a potential expansion of Fedwire Funds Service and NSS operating hours to 22x7x365? What considerations factor into your preference (for example, demand, time to implement changes, adjustments to staffing and internal systems, other major industry milestones or payment system improvements)?*

JPMC agrees with the timeline proposed, a minimum of two years after Fedwire Funds ISO 20022 migration. In addition to the Fedwire Funds ISO 20022 work, there is additional ISO 20022 work for the industry to migrate statements and investigations messages that will continue to demand resources through 2025-2026. Overall, this would be a significant change for the banking industry from a technology and staffing perspective and for large banks there will be technology changes across multiple lines of business and liquidity reporting systems. The timeline should be planned with due consideration to other mandatory industry regulatory changes.

*7. Are you interested in full 24x7x365 operating hours for Fedwire Funds Service and NSS? If so, what is your preferred time frame for such an expansion of operating hours? What considerations factor into your preference?*

JPMC believes 24x7x365 ultimately is a key requirement, would deliver the greatest overlap in global operating hours for the world's preferred settlement currency, and is consistent with meeting customer demands. However, that level of availability will come at a higher cost, particularly around technology. Smaller institutions will be challenged to absorb those costs relative to the incremental business that 24x7x365 availability may add, so it is unlikely to have broad adoption. As such, rather than expressing a preference for a particular time frame we recommend that the Board and industry monitor the learnings of 22x7x365, including client demand, to determine the eventual time frame for migration to 24x7x365.

*8. What costs and risks would arise for the banking industry, financial markets, and broader economy from an expansion to 22x7x365 of Fedwire Funds Service and NSS operating hours? What are the costs and risks to your institution? What is the estimated incremental cost on a percentage basis to support 22x7x365 operating hours for the Fedwire Funds Service and NSS? What are the implications for competitiveness?*

Expanding hours to include weekends and holidays will introduce incremental costs in staffing and technology that will not initially be offset by increased volume. For a large institution, that will be a bigger cost impact because of the many interconnected functions that will have to support weekend processing. For institutions with lower volumes or exclusively domestic customer bases that do not already support weekend operations, this will deter participation. Adopting an optional participation model should help ensure that institutions that would not benefit from expanded hours do not have to

bear this cost. Some of these institutions, however, will experience a loss of competitiveness as the move to always-on processing becomes critical across the customer spectrum. Expanded hours also will require a reframing of non-hourly worker coverage models for holiday and weekend coverage.

Technology risk management will become more challenging and complex as there will not be adequate down time for significant technology enhancements, conversions and system/master account integrations (i.e. mergers). Currently, weekend time when there is no processing provides ample time to make and test enhancements. Without this down time, redundant systems and resiliency investments will be needed. Running testing and releases at the same time as being in production adds complexity from a risk and cost perspective.

While retaining participation optionality is a key mitigant to cost and risk for institutions that would not benefit from participation, optionality also potentially raises risk and costs and limits value to institutions that do want to participate if there is a very limited group of banks that opt-in. For example, customers of banks that opt-in may face delays when they wish to send payments to accounts at non-participating institutions, which will inconvenience customers that expect (and may need) a prompter payment experience. Conversely, customers of banks that opt-out may face delays when their bank is unable to send payments when needed to participating institutions. Accordingly, before expanding operating hours, the Board should partner with industry to develop appropriate rules and consumer disclosures that address uneven bank participation and preserve trust in the payments system.

There will be costs across the industry to upgrade various systems both upstream and downstream of payments to support eventual 24x7x365 processing and considerations for making weekends and holidays business days. These include, but are not limited to, interest calculation, accounting and general ledger systems, exposure management, and liquidity reporting.

Liquidity management during times when the secondary funding markets are not operating is also a risk and will require enhanced monitoring. JPMC considers it mandatory for the industry that the discount window be available the same hours as the Fedwire Funds Service. Other liquidity markets may follow over time. If the discount window is not open, it could impact the proportion of liquid assets that will need to be held as reserves at the Federal Reserve Bank which may not be sufficient during an idiosyncratic or market stress event.

Furthermore, we note and agree with the Federal Reserve's current position on not extending the operating hours of the Fedwire Securities Service. As such, if the discount window's operating hours are extended in line with the operating hours of the Fedwire Funds banks looking to access the discount window will need to preposition an appropriate amount of collateral over the weekends and holiday periods.

Regulators will need to consider how to handle resolutions during Fedwire Funds Service operating hours because the weekend will not be available for the FDIC to deal with a bank failure. Across the industry, participants rely on weekend downtime to manage various challenges, which will be more difficult during continuous market operations.

It's also important the Board and wider industry considers and understands the full impact which expanded hours of the Fedwire Funds Service and NSS would have on FX activities. Consideration must be given to the technological, control, and process implications, particularly in relation to

interdependencies between FX trading, securities, and derivatives transactions. For example, the timing and funding of these transactions are linked, and changes in the operating hours of Fedwire Fund Services and NSS could potentially result in changes to current processes, risk management frameworks, and the technology / infrastructure which supports these transactions and activities. Similarly, the Board and wider industry will need to consider how extended hours of the Fedwire Funds Service and NSS might affect liquidity management, settlement risk, and the coordination between global FX markets and other financial instruments.

Geopolitical risk is also a factor. If there is a crisis on a weekend and a country has to be cut out of credit processes, firms will need to bring in staff that doesn't usually work weekends.

Extending the Fedwire Funds Service operating hours to 22x7x365 may increase fraud and scam risk. Participating institutions will need to increase Human Resources to provide timely human reviews of suspicious activities, and conduct and decision fraud investigations or payment recall requests during these extended hours. The related administrative costs may disproportionately impact smaller institutions. Accordingly, before expanding operating hours, the Board should work with Industry to develop rules and tools to properly mitigate fraud and scam risks.

Furthermore, we note and agree with the Federal Reserve's current position on not extending the operating hours of the Fedwire Securities Service. JPMC supports this position as the current operating hours of the Fedwire Funds Service effectively balances the needs of market participants with the operational capabilities of the Fedwire Securities Services System, ensuring that transactions are processed efficiently without overextending resources across the industry.

Any extension of the hours of the Fedwire Securities Service would have significant implications for market participants and would require a separate and thorough consultation process. For example, expanding the operating hours of the Fedwire Securities Service would likely require significant investment and coordination amongst stakeholders across the industry to manage the operational and technical challenges such as enhancing operational capabilities, upgrading legacy systems, and increasing staffing to support extended hours. It would also have impacts on liquidity management, collateral management, and overall market functioning.

If the Board were to reconsider its position on extending Fedwire Securities Service operating hours, JPMC recommends that any such decision is preceded by a comprehensive public feasibility and cost-benefit analysis in consultation with the industry.

Overall, the Proposal supports the modernization of the payments infrastructure and the competitiveness of payments with new entrants. The costs are significant but must be considered against the risks of not taking action to keep pace with new technology. It also may be a larger challenge for smaller institutions that opt-in to remain competitive.

*9. What are the ways in which benefits, costs, or risks of 22x7x365 Fedwire Funds Service and NSS could vary for different types of market participants (for example, for smaller institutions, non-traditional participants, or participants in particular time zones)?*

Benefits, costs and risks will vary considerably for institutions based on their size and client base. Large institutions have more support areas and greater overall cost. Participants that don't serve an

international client base and don't have global follow the sun operations coverage will be challenged to support this profitably and are likely to opt-out.

JPMC supports a strong and diverse US banking system with all sizes of banks, and agree with the optionality of the Proposal to the extent it will allow banks that would not benefit from participation to avoid costly technology upgrades and staffing model changes without offsetting revenue. However, if all banks are not open for weekend and holiday settlement, then there can be risks to banks that are open and processing payments. As such, there is a need for information to be available about which banks have opted-in, further expanded on in question 11.

*10. Are there infrastructure-related market conditions or barriers (for example, the availability of short-term funding markets over the weekend) that may prevent or reduce your firm's ability to fully achieve the potential benefits of 22x7x365 operating hours for the Fedwire Funds Service and NSS? If so, what are they? What steps might the industry and/or Federal Reserve take to remove such barriers?*

Given the Federal Reserve's position on not extending the operating hours of the Fedwire Securities Service, the availability of short-term funding markets over the weekend will likely be limited or nonexistent without the full capabilities of the repo market available including the Bank of New York Mellon's (BNY) clearing operations. Thus, banks and other repo market participants may need to consider prepositioning liquidity typically sourced from the repo market in advance of weekends and holidays. These actions would be similar to positioning in advance of current good settlement days for Fedwire Funds that are also designated as SIFMA U.S. holidays (for example, Good Friday). While JPMC would support the Federal Reserve offering additional liquidity tools like the Standing Repo Facility (SRF) and Overnight Reverse Repurchase Agreement Facility (RRP) on weekends, it would require BNY to support the settlements via the triparty platform.

Despite the expectation that short-term funding markets over the weekend would likely not be available, JPMC does not believe this would prevent the firm's ability to fully participate and achieve the potential benefits of 22x7x365 operating hours for the Fedwire Funds Service and NSS. However, this position is contingent on the assumption that the Fed Discount Window operating hours would also be extended to 22x7x365.

*11. The Federal Reserve plans to maintain the ability to opt out of expanded hours. How would the optionality with respect to participating in a 22x7x365 operating hours environment of the Fedwire Funds Service and NSS, as described in this notice, benefit or challenge your institution or the broader industry? What steps might the Federal Reserve take to augment potential benefits? What steps might the Federal Reserve take to mitigate potential costs and risks?*

JPMC acknowledges that there will be startup and ongoing costs to operating additional hours that may not be recoverable by some in light of their business models and agrees optionality is important to maintain a strong US banking system. Optionality is especially important to avoid costly impacts to institutions with lower volumes. However, the value of providing expanded hours will be diminished if the network of participants is limited, so we would encourage the Fed to work with core providers and FedNow participants that already support a 24x7x365 product availability to encourage adoption where it makes sense for the banks' business model (digital forward banks, banks with international and West Coast clients).

To minimize confusion among banks and clients about whether a payment will reach the beneficiary over the optional hours, JPMC recommends the Fed update the E-Payments Routing Directory to indicate if the institution supports weekend and/or holiday processing.

*12. How does your institution anticipate managing liquidity needs in an expanded hours environment? Is the availability of discount window loan originations on weekends and holidays a prerequisite for expanded operating hours for the Fedwire Funds Service and NSS? If so, should the discount window be available 22x7x365, or alternatively, during certain defined hours on weekends and holidays? During what hours should discount window loan originations be available?*

JPMC believes having the discount window open during the additional Fedwire Funds Service/NSS operating hours is necessary for the industry and should align with the extended operating times for Fedwire Funds and NSS.

As mentioned in our response to question 8, JPMC agrees with the Federal Reserve's current position on not extending the operating hours of the Fedwire Securities Service. As such, if the discount window's operating hours are extended in line with the operating hours of the Fedwire Funds Service, JPMC proposes that banks opting in to the extended hours for the Fedwire Funds Service will need to preposition an appropriate amount of collateral for use at the discount window over weekends and holiday periods. We also propose that any changes in the discount window access and availability as a result of this proposal are considered and developed in line with the review of other potential upcoming liquidity management changes by the Board.

*13. What effects, if any, on funding market activity should be taken into account when considering the expansion of operating hours for the Fedwire Funds Service and NSS? Would the expansion of operating hours for the Fedwire Funds Service and NSS affect existing wholesale funding markets, including the repurchase market? Do you expect wholesale funding market activity to occur on weekends and holidays?*

As noted in the response to question 10, the availability of short-term funding markets over the weekend and holidays would likely be limited or nonexistent. The repo market would require BNY clearing operations and Fedwire Securities to be available to replicate current weekday market infrastructure. Thus, banks and other repo market participants may need to consider prepositioning liquidity typically sourced from the repo market in advance of weekends and holidays. These actions would be similar to positioning in advance of current good settlement days for Fedwire Funds that are also designated as SIFMA U.S. holidays (for example, Good Friday).

Also noted in the response to question 8, JPMC agrees with the Federal Reserve's current position on not extending the operating hours of the Fedwire Securities Service. If the Board were to reconsider its position on extending Fedwire Securities Service operating hours, JPMC recommends that any such decision is preceded by a comprehensive public feasibility and cost-benefit analysis in consultation with the industry.

*14. Describe any other enhancements or initiatives that the Reserve Banks should consider in addition to, or in the context of, expanded hours for the Fedwire Funds Service and NSS. How would such potential enhancements be used in the context of expanded hours? Are there any potential service enhancements that should be prioritized ahead of expanded hours?*

The safe and efficient operation of the capital markets and global and private sector commerce depend on all Federal Reserve systems (e.g., the Fedwire Funds Service, NSS, the Fedwire Securities Service, and FedLine Advantage) functioning smoothly, correctly, and without unplanned outages. The reality is, however, that unplanned systems outages will occur. Adding additional processing hours will exacerbate current Federal Reserve resiliency and cybersecurity gaps and JPMC believes that addressing these is a critical initiative in the context of expanded hours. This would include working towards alternative Fed-owned infrastructure as one part of the larger contingency plan (including other alternatives) and enhancing the resilience capabilities for any single points of failure as well as increasing bank membership in or access to CHIPS.

Banks and regulators (such as the FDIC) currently rely on weekend down time to address issues that are internal or market wide such as adjustments in the payments systems for failed banks. The resolution playbooks for each will need to be revised and guidance will be needed from the FDIC on what changes will be needed. These processes will need to be real time as the industry migrates to 22x7x365.

*15. Please describe any other consideration that you believe should be taken into account as the Board contemplates expansion of operating hours for the Fedwire Funds Service and NSS.*

JPMC would be happy to engage bilaterally with the Fed/Board to further discuss considerations for weekend and holiday operations including:

- Participation expectations – it will be essential for the value of the initiative to have a critical mass of participants. The Board may want to consider setting a target and surveying the industry based on the Proposal responses and align the implementation date to meeting the threshold.
- Value date/business date conventions – most banks will not be ready in 2027 to offer true weekend business days. The value of being open on weekends is lost if the result does not include having access to the funds received, but it is likely that accounting and interest rate conventions will lag payment enhancements and client experience will be soft/memo posting during the weekend or holiday and hard posting on the next available business day.
- There is late day surcharging of weekdays, JPMC recommends these charges not be applied to weekend transaction – penalty pricing will not help increase adoption.
- In the event of a Fedwire Funds Service unplanned outage, banks that participate in CHIPS rely on rerouting eligible payments to CHIPS as part of their resiliency plan. CHIPS would also need to be available on weekends to reduce the impact of an unplanned Fedwire Funds Service outage.
- Currently, Saturdays are used for important industry testing. How will business resiliency/protracted outage testing be conducted when this window is not available? These type of exercises are large and critical.
- Short Term Investment Products - clients using short term investment products, such as Money Market Funds (MMFs) will not be able to access these as a source of liquidity during times when the securities markets (e.g., Fedwire Securities Services and DTCC) are closed - over weekends and holidays. This may result in changes to the traditional operating models of MMF providers, as well as client cash management behaviors (for example, holding cash on a bank's balance sheet over the weekend to cover payments needs) which could potentially have knock on effects to non-operational deposit levels at banks.
- There are also more fundamental operating issues to be considered:
  - Would Fedwire Funds Service extensions be granted on Saturday, Sunday or holidays?

- Will IRS tax payments be available/restricted on weekends and holidays? Will there be cutoff times?
- Will foreign central bank/Type 15 payments be available or restricted on weekends and holidays and will they have cutoff times?
- Will there be a third party cutoff and a settlement only/type 16 window on weekends and holidays?
- What needs to be considered around drawdowns over the weekends/holidays if one participant is not processing??
- How will reporting, accounting and reconciliation be handled (e.g. FIRD files)?
- If the processing ultimately becomes 24x7x365, what will the cutoff time be/when will that change to the next business day? JPMC would prefer to maintain the current 9 PM ET change in value date to limit changes required and since the majority of the flows during those hours involve banks in the Asia Pacific region where it is already the next day
- The Board should share insights at the industry level focused on intraday liquidity during the expanded operating hours. This will facilitate better liquidity risk assessment for participants who are operational during the extended hours.
- Moving the payments infrastructure towards 24x7x365 has the potential to bring benefits to consumers and small businesses in cash flow management and avoiding late fees, but this move may also bring different expectations than today that need to be considered in the big picture. While consumers, particularly gig workers can benefit from more real time payroll options, as weekends and holidays become business days, would overall payroll cycles shift to not paying workers earlier in cases where the last day of the month is a weekend or holiday? Would the IRS expect tax payments on April 15<sup>th</sup> instead of 17<sup>th</sup> if the 15<sup>th</sup> is a Saturday?
- Interest rate arbitrage scenarios should be explored between banks operating 22x7x365 with weekend value dates and banks with value date Monday.
- With the elimination of regular holidays, there should be a concept defined for an emergency holiday in the event of a major disruption.
- The Board will need to consider what regulations may need to be amended to operationalize the extended operating hours being proposed, for example there may be Securities regulations which need to be amended.
  - Both FRB Reg T and SEC Rule 15c-3 must be considered should 22x7x365 move ahead. Specifically, both rules are time-sensitive concerning the concept of the “end of the business day”. JPMC recommends the Fed and SEC mandate that 6:45 pm ET would be the end of the business day for both T and c3-3. In the absence of such, firms will incur considerable expense revising systems and regulatory reporting.