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Press Release

December 19, 2008

Board will not pursue proposal to change daylight overdraft posting rules under Payment System Risk policy

For immediate release

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The Federal Reserve Board on Friday announced that it will not pursue at this time its proposal to change the daylight overdraft posting rules under its Payment System Risk (PSR) policy.

In early 2008, the Board requested comment on changing the posting time for commercial and government ACH debit transfers that are processed by the Federal Reserve Banks' FedACH service to 8:30 a.m. eastern time (ET) from 11:00 a.m. ET on the settlement date. The proposal would have aligned the posting time for ACH debit transfers with the posting time for ACH credit transfers, which are currently posted at 8:30 a.m. ET on the settlement date.

In response to the proposal, almost all commenters stated that the posting-rule change would place additional costs and liquidity pressures on many institutions at this time and would not necessarily address some of the issues discussed for making the change. For example, commenters did not believe there are significant competitive disparities between the ACH operators or depository institutions that result from differences in settlement times and did not believe customers of depository institutions would significantly benefit from the change.

While not pursuing the original proposal at this time, the Board believes that the simultaneous posting of ACH credit and debit transfers at

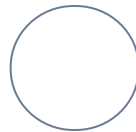
8:30 a.m. ET would enhance the efficiency of the payment system in the long run. The Board believes that over time the payment of interest on Federal Reserve account balances and the broad PSR policy changes, which were announced separately today, will significantly mitigate the concerns raised by commenters. The Board will monitor changes in the environment as the industry adjusts to the initial implementation of the payment of interest on Federal Reserve account balances and other market and environmental factors and will reconsider the proposed posting-rule change in the future.

Based on the Board's decision, commercial and government ACH debit transfers processed by the Federal Reserve Banks' FedACH service will continue to be posted at 11:00 a.m. ET, while commercial and government ACH credit transfers will continue to be posted at 8:30 a.m. ET. In line with this decision, the Board will not move the posting time for Treasury Tax and Loan investments associated with Electronic Federal Tax Payment System ACH debit transfers. These transactions will continue to be posted at 11:00 a.m. ET.

The Board's notice is attached.

Federal Register Notice: [57 KB PDF](#) | [TEXT](#)

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