

The National Settlement Service



The Federal Reserve Banks National Settlement Service is a multilateral settlement system with Fedwire®-like payment finality. The service offers financial institutions' involved in multilateral settlement arrangements a means to settle the obligations that arise under that arrangement. Settlement files are submitted through an automated means to the Federal Reserve Banks. The National Settlement Service minimizes financial institutions' settlement costs and limits credit and liquidity risks associated with settlement.

The National Settlement Service

The National Settlement Service is a multilateral settlement service owned and operated by the Federal Reserve Banks. The service is offered to depository institutions that settle for participants in clearinghouses, financial exchanges and other clearing and settlement groups. Settlement agents acting on behalf of those depository institutions electronically submit settlement files to the Federal Reserve Bank. Files are processed on receipt, and, subject to certain risk controls, entries are automatically posted to the depository institutions' Federal Reserve Bank account. Entries are final and irrevocable when posted. The terms and conditions under which Federal Reserve Banks provide the National Settlement for participants are contained in Operating Circular 12.

Key Features

Fedwire-like Finality and Risk Controls

The National Settlement Service provides Fedwire-like payment finality, and uses the same risk controls as those used for the Fedwire Funds Service. The risk controls are designed to ensure that participants in debit positions have sufficient balances, including intra-day credit, to cover their settlement obligations. All entries within an arrangement are final and irrevocable when posted.

Participants

The National Settlement Service is available to settlement arrangements clearing retail payments such as check, automated clearinghouse, credit card, point-of-service, and Automated Teller Machine transactions, as well as those exchanging wholesale payments, securities or other financial instruments.

Hours of Operation

Files are accepted for processing between 8:30 a.m. to 5:00 p.m. EST. Files submitted prior to 8:30 a.m. EST will be queued for processing beginning at 8:30 a.m. EST.

Pricing

For each settlement file submitted to the National Settlement Service there is a per file fee and a per-item fee. **For more information on pricing, please visit www.frbsservices.org.**

The National Settlement Service Advantage

Implemented in March 1999, the National Settlement Service combines the immediate finality of our Fedwire Funds Service with the operational simplicity of settlement sheets. As a result, it provides you with a low-risk, nationwide settlement solution.

Federal Reserve Financial Services

The Federal Reserve Banks offer a full range of financial services to assist depository institutions in achieving a sustainable competitive advantage. We provide innovative and progressive services that enable you to capitalize on growth and revenue opportunities. Our services are designed to provide the accessibility and flexibility you need to compete

The National Settlement Service

Key Benefits

- Reduces the duration of settlement risk for participants in private-sector clearing arrangements by providing same-day finality.
- Permits the automated submission of settlement files through FedLine Advantage[®] or FedLine DirectSM.
- Provides you with national settlement capability via standardized processes as settling participants may be located in any Federal Reserve District.
- Improves operational efficiency by eliminating the need to send individual Fedwire Funds Service messages.
- Offers same real-time risk management controls as Fedwire Funds Service.

in a dynamic and evolving industry. Given our integrity and reliability, you can count on the Federal Reserve Banks to provide you with services that deliver benefits. Our services include Cash, Check, FedImage[®] Services, FedACH[®] Services, Fedwire Funds Service, Fedwire Securities Service, National Settlement Service and Treasury Services. In addition, we offer services designed to support your Financial Services usage, including Account Management Information and Service Charge Information.

Customer Support

The Federal Reserve Banks are committed to providing you with exceptional customer service. Our team of technical support experts is available to assist you in using all of our products and services. The national toll-free customer service number for National Settlement Service is (800) 758-9403. Please call this number if you have any questions or issues related to your use of the National Settlement Service, or the processing of settlement files that you have submitted. For questions related to the operation of your FedLine[®] access solution, please contact your designated Federal Reserve Customer Contact Center.

A variety of forms, including a form to add or delete a participant from an existing National Settlement Service settlement arrangement, are available at www.frbservices.org to help manage a settlement arrangements use of the National Settlement Service. Upon completion of any of the forms, please send it to the Central Service Support Staff at CSSS.STAFF@ny.frb.org or via fax at (201) 531-3660.

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