

Federal Reserve Bank of San Francisco  
101 Market Street, San Francisco, California 94105

June 27, 2006

**BANKING SUPERVISION AND REGULATION:  
REQUEST FOR COMMENT**

To State Member Banks, Bank  
Holding Companies, U.S. Branches  
and Agencies of Foreign Banks,  
and Others Concerned,  
in the Twelfth Federal Reserve District

**Request for Public Comment on a Consultation Paper on Intraday Liquidity Management  
and the Payment System Risk Policy**

The Federal Reserve Board requested public comment on a consultation paper that is intended to help the Board obtain broader information on intraday liquidity management issues and to lay the groundwork for discussions about the long-term evolution of its Payment System Risk (PSR) Policy.

The consultation paper seeks information from the financial industry and other interested parties on their experience in managing intraday liquidity, credit, and operational risks associated with Fedwire funds transfers and associated transactions. In particular, the paper requests views on potential changes in market practices, depository institution and Federal Reserve Bank operations, and the Board's PSR Policy that could reduce one or more of these risks, while maintaining or improving the efficiency of the payments system over the long run.

The consultation paper stems from the Federal Reserve's ongoing review of the long-term effects of market, operational, and policy changes by the financial industry and the Federal Reserve on intraday liquidity and risks in the financial markets and the payments system, including account overdrafts at the Reserve Banks.

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about the consultation paper on intraday liquidity management and the PSR, please contact our Banking Supervision and Regulation Department at (415) 974-2225.

FEDERAL RESERVE BANK OF SAN FRANCISCO

Attachment: Docket No. OP-1257