BLOCKCHAIN ASSOCIATION

July 27, 2026

**<u>Via electronic submission: https://www.federalreserve.gov/apps/proposals/</u>**

Benjamin W. McDonough
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

**Re: Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests (Docket Nos. OP–1878; R–1892 and RIN 7100–AH24; R–1893 and RIN 7100–AH25)**

Dear Mr. McDonough:

The Blockchain Association ("BA") submits this letter in response to the request for comments by the Board of Governors of the Federal Reserve System ("Board") on its Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests, 91 Fed. Reg. 30,627 (May 26, 2026). This letter also responds to the Board's related requests for comments on (1) Regulation A: Extensions of Credit by Federal Reserve Banks, 91 Fed. Reg. 30,498 (May 26, 2026); and (2) Regulation D: Reserve Requirements of Depository Institutions, 91 Fed. Reg. 30,503 (May 26, 2026).

The BA is the leading nonprofit membership organization dedicated to promoting a pro-innovation policy environment for the digital asset economy.[1] The BA endeavors to achieve regulatory clarity and to educate policymakers, regulators, courts, and the public about how blockchain technology can pave the way for a more secure, competitive, and consumer-friendly digital marketplace. The BA represents member companies reflecting the wide range of the dynamic blockchain industry, including software developers, infrastructure providers, exchanges, custodians, investors, and others supporting the public blockchain ecosystem. Many of those member companies are building, supporting, or deeply interested in stablecoin products in the United States.

## Introduction And Executive Summary

The BA supports the Board's efforts to establish special-purpose accounts at Federal Reserve Banks ("Reserve Banks") for clearing and settling payment activity ("Payment Accounts"). Nontraditional, yet eligible, financial institutions have been denied direct access to Reserve Bank

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[1] *See* Blockchain Ass'n, https://theblockchainassociation.org.

services, with little transparency on the rationale, which inhibits those firms' ability to innovate in payments and financial services. The denial of those services violates the Monetary Control Act of 1980 ("MCA"), which requires Reserve Bank services to be made available to nonmember depository institutions (including state-chartered special-purpose depository institutions) on an equal, non-discriminatory basis. *See* 12 U.S.C. § 248a(c)(2).[2] National trust banks, as national banks chartered by the Office of the Comptroller of the Currency ("OCC"), are required to become members of the Federal Reserve System, and many already are members; they are accordingly entitled to Reserve Bank services on that basis. There is no sound rationale for affording them less favorable treatment than other member institutions. *See* 12 U.S.C. § 222. And denial of Reserve Bank services to eligible institutions undermines the President's goal of "ensur[ing] that the United States is the global leader in financial innovation."[3] By denying innovative financial institutions access to core Reserve Bank services, the Board has hampered domestic innovation in financial technology, making U.S. firms less competitive globally. Indeed, today the United States is the only G7 country that limits direct access to its national payment rails to depository institutions.[4]

Special-purpose Payment Accounts, while no substitute for Master Accounts, could be a positive step towards correcting the problems caused by the denial of Master Account access to certain institutions. As the President has recognized, Payment Accounts could facilitate "integration of digital assets and other novel financial technology into traditional financial services and payment systems."[5] And the Board acknowledges that Payment Accounts could "support private-sector innovation in payments while ensuring that the risks identified in the Account Access Guidelines continue to be managed prudently." 91 Fed. Reg. at 30,630. The Board thus proposed establishing Payment Accounts to "support private-sector innovation" and reduce "the reliance on intermediaries." *Id.* at 30,631.

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[2] The BA disagrees with the Tenth and Second Circuits' holdings that under the MCA, Reserve Banks retain discretion to deny Master Account applications from eligible institutions. *See Custodia Bank, Inc. v. Fed. Rsrv. Bd. of Governors*, 157 F.4th 1235, 1255 (10th Cir. 2025); *Banco San Juan Int'l, Inc. v. Fed. Rsrv. Bank of N.Y.*, 176 F.4th 163, 181 (2d Cir. 2026). The "ordinary language of" Section 248a(c)(2) "mandates access to the Fed's payment services for all nonmember depository institutions." *Custodia Bank, Inc.*, 157 F.4th at 1275 (Tymkovich, J., dissenting).

[3] *Fact Sheet: President Donald J. Trump Integrates Financial Technology Innovation into Regulatory Frameworks*, The White House (May 19, 2026), https://tinyurl.com/yjpu2t9s.

[4] Brigit Carroll, *How the US can drive payments modernization*, Payments Dive (Jan. 9, 2026), https://tinyurl.com/24csky3n.

[5] *Fact Sheet: President Donald J. Trump Integrates Financial Technology Innovation into Regulatory Frameworks*, The White House (May 19, 2026), https://tinyurl.com/yjpu2t9s.

As currently drafted, however, the Payment Accounts established by the proposal come with too many restrictions to achieve the Board's stated goals. Most importantly, the proposed lack of FedACH access and zero interest on account balances would make the accounts commercially impractical. Because ACH is currently the default retail payment rail in the United States, Payment Account holders would be unable to support many core payments use cases and would need to rely on a limited number of third-party intermediaries for access to ACH services. Similarly, because balances in the proposed Payment Accounts would not receive interest, account holders would have strong financial incentives not to hold dollar reserves in Payment Accounts. The proposal therefore incentivizes behaviors that may introduce both operational risk and instability to the overall banking system. More broadly, the Board should not rely on economic disincentives to limit the use of Payment Accounts. The Board could achieve its stated goals through design features tailored to business needs (such as the proposed Closing Balance Limit), rather than economic penalties that would disincentivize innovative financial institutions from using Payment Accounts for their intended purposes. The Board should eliminate or significantly revise these restrictions to ensure that Payment Accounts fulfill their functional purposes for account holders.

The Board also should relax several other unnecessarily burdensome limits on Payment Accounts. The Board should require Reserve Banks to impose a Closing Balance Limit based on uniform, objective criteria while providing account holders with flexibility to exceed the balance cap temporarily to process large settlements. The Board should provide a pathway for Payment Account holders to access short-term liquidity from Reserve Banks, either through intraday credit or the discount window, during exigent circumstances, including periods of extreme market stress. And to promote regulatory certainty, the Board should clarify that Reserve Banks will rely on primary illicit-finance regulators (such as FinCEN) to ensure compliance with illicit-finance laws (such as the Bank Secrecy Act) with respect to Payment Accounts.

Finally, the Board should alleviate unnecessary restrictions on Master Account access in line with the Trump Administration's policy of "promoting financial innovation and cutting out regulatory protections for incumbents."[6] To ensure a level playing field between traditional and innovative financial institutions, the Board should designate a streamlined pathway for a Payment Account holder to obtain access to the full suite of Reserve Bank services. The Board also should treat national trust banks on equal terms with Tier 1 institutions for purposes of evaluating eligibility for Master Accounts. National trust banks are subject to federal supervision through the OCC and may carry even less credit risk than other Tier 1 institutions due to their lack of lending activities. The Board should also clarify that the proposed 90-day review timeline for Payment

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[6] *Fact Sheet: President Donald J. Trump Integrates Financial Technology Innovation into Regulatory Frameworks*, The White House (May 19, 2026), https://tinyurl.com/yjpu2t9s.

Accounts would not impede an account holder's ability to obtain a Master Account. And because the Payment Account is only a temporary and partial solution, Reserve Banks should not pause review of applications from Tier 3 institutions for Master Accounts.

## Comments On The Proposed Rule

Although the MCA requires the Board to grant all eligible institutions full Master Account access, special-purpose Payment Accounts could support many of the same functions and enhance innovations in banking and payments while allowing the Board to manage risk adequately. The Payment Accounts proposed by the Board, however, are too restrictive to achieve those ends. The BA therefore proposes the following changes to the proposed Payment Accounts, which would improve their functionality and make them consistent with Trump Administration policy and the MCA. By adopting these recommendations, the Board would ensure that the Payment Accounts are a commercially viable option for Tier 2 and Tier 3 institutions to carry out payment operations before receiving their own Master Accounts.

### I. The Board should allow Payment Account holders to access FedACH.

Under the Board's proposal, "Payment Account holders would only have access to services with automated controls to prevent overdrafts" and would not be able to access FedACH, Reserve Banks' ACH services. 91 Fed. Reg. at 30,629. The Board requests comments on whether "the design of the Payment Account . . . support[s] eligible institutions' payment activity." *Id.* at 30,642. As currently proposed, the Payment Account's inability to access ACH services (1) undermines the account's core functional purpose; (2) perpetuates risks from reliance on correspondent banks; and (3) is inconsistent with both Trump Administration policy and 12 U.S.C. § 248a(c)(2). Rather than excluding FedACH access wholesale, the Board could achieve its interest in preventing overdrafts through less restrictive alternatives, such as requiring institutions to hold reserve funds calibrated to historical settlement and payments activity.

#### A. Payment Account holders cannot support many payment activities without access to ACH.

The Board designed the proposed Payment Accounts "for the purpose of clearing and settling payments activity for the institution and its customers." 91 Fed. Reg. at 30,636. The proposed Payment Accounts would support financial institutions' ability to process payments by "reducing (1) the uncertainty, time, and related costs of obtaining access; and (2) the reliance on intermediaries." *Id.* at 30,631.

Providing access to FedACH is critical to achieving those goals. ACH is the dominant payment rail for payroll, consumer bill payments, and business-to-business payments in the United States.[7] Digital asset firms routinely use ACH to convert fiat currency into digital assets and vice versa. Direct ACH access is particularly important for crypto companies whose products necessitate high-volume transactions at the consumer level or frequent payment flows for commercial customers, as FedACH would allow them to settle with customers at a lower cost and without the operational delay a correspondent bank may introduce. Moreover, as stablecoins become an increasingly accepted means of payment, issuers would significantly benefit from direct ACH access to efficiently settle with merchants that accept stablecoins as payment.

As the Board recognized, ACH is also "unique" for allowing banks to "originate both credit-push and debit-pull" payments. 91 Fed. Reg. at 30,630. Because a debit-pull transaction allows the payee to initiate a transfer of funds out of the payor's account, a single, up-front authorization from the payor could support repeated transfers to the payee over time. This mechanism is essential to any business model that requires regular, predictable billing. As crypto companies continue to develop more innovative products and business models, ACH's "pull" functionality would be necessary to support payment use cases such as recurring purchases or subscription-based services. The "push"-only services available to Payment Account holders under the proposal would not be able to support these product developments sufficiently.

**B. The Payment Account as currently proposed would not resolve risks from reliance on third-party intermediaries.**

Correspondent relationships introduce operational and concentration risks and inefficiencies. The Board recognizes that reducing "the reliance on intermediaries" "could increase competition in the payments marketplace and allow institutions to design innovative and efficient services." 91 Fed. Reg. at 30,631. But the proposed Payment Account is unlikely to realize these benefits because account holders would continue to rely on third parties to access a core national payment rail—ACH services.

A Payment Account holder could experience settlement delay or failure if, among other reasons, (1) its correspondent bank experiences outages or other internal technical disruption; (2) another large client of the correspondent bank creates liquidity stress through large, unexpected withdrawals; or (3) the correspondent bank implements limits on settlement throughput during periods of market stress. Because a Payment Account holder may be subject to settlement delays for reasons unrelated to its own operations, it may face added burdens in offering products to customers that require reliable, efficient payment processing. Direct access to FedACH would

[7] *ACH Payments Fact Sheet*, Nacha (accessed July 27, 2026), https://tinyurl.com/wmxa6ppn.

allow Payment Account holders to avoid these operational risks, which are inherent in dependence on third-party commercial banks, and incentivize innovation.

Due to the market reality that most ACH transactions are originated by a limited number of large banks, Payment Account holders would have to rely on only a few correspondent banks for ACH access.[8] The Board itself has long understood that a financial institution's relationship with a correspondent bank may create "correspondent concentration risks."[9] If any of the select few correspondent banks experiences a system failure or liquidity crunch, Payment Account holders could risk disruption to a significant portion of their payment activities. Payment Account holders with particular business models (for example, in politically contentious industries) may also risk losing correspondent relationships for reasons unrelated to their risk or compliance profile. In a 2025 report, the OCC "identified instances where at least one bank imposed restrictions on certain industry sectors," including digital assets.[10] To hedge against one correspondent bank failing or terminating the relationship, innovative financial institutions often maintain redundant correspondent relationships and thereby incur increased operational costs.

Payment Account holders would also incur higher operational costs due to inefficiencies from dependence on correspondent relationships. In addition to paying service fees to the correspondent banks, a Payment Account holder would need to develop and maintain legal agreements, compliance and operational procedures, and technical integrations with the intermediary. Because digital asset companies often maintain multiple correspondent relationships to ensure operational continuity, and because correspondent banks operate on different schedules with different cutoff times, processing payments through these relationships introduces unnecessary complexity and reduces payment efficiency. From a consumer's perspective, these additional costs may result in higher fees, slower access to funds, and fewer product offerings.

### C. The lack of FedACH is inconsistent with both Trump Administration policy and the statutory mandate under the MCA.

By excluding FedACH service, the proposed Payment Account disadvantages innovative financial technology companies and benefits incumbent insured banks. This outcome would be inconsistent with President Trump's directive that the Board must remove practices that "form

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[8] *2024 Top ACH Originators By Volume*, Nacha (accessed July 27, 2026), https://tinyurl.com/4x2ufeaf.

[9] *See* Bd. of Governors of the Fed. Rsrv. Sys., Supervisory Letter 10-10, *Correspondent Concentration Risks* (2010), https://tinyurl.com/yc24cjuj.

[10] Press Release, Off. of the Comptroller of the Currency, *OCC Releases Preliminary Findings from Its Review of Large Banks' Debanking Activities* (Dec. 10, 2025), https://tinyurl.com/5n6bw4tj.

barriers to entry and primarily benefit incumbent financial services firms."[11] As Payment Account holders would continue to lack direct access to the ACH payment rail, the Board's proposal also would not achieve "integration of digital assets and innovative technology into traditional financial services and payment systems."[12] The Board should therefore improve its proposal to provide direct ACH access to innovative financial institutions in line with Trump Administration policy.

The proposal as currently drafted is also inconsistent with the MCA's anti-discrimination mandate. The MCA provides that "[a]ll Federal Reserve bank services covered by the fee schedule *shall be available* to nonmember depository institutions and such services shall be priced at the same fee schedule applicable to member banks." 12 U.S.C. § 248a(c)(2) (emphasis added). The statute explicitly enumerates "automated clearinghouse services" as a service "covered by the schedule of fees." *Id.* § 248a(b)(4). Thus, even if the Board may impose restrictions on certain Payment Account features, it may not do so with respect to a service that the MCA commands the Board to make available on an equal basis to members and nonmembers.

**D. The Board should employ alternative means to prevent account overdrafts.**

The Board's concern with "automated controls to prevent overdrafts" can be managed through alternative means that would still allow Payment Account holders to access FedACH. The Board acknowledges that overdraft risk from ACH credit originations can be appropriately mitigated through alternative controls, including prefunding the value of ACH credit originations. 91 Fed. Reg. at 30,630-31. The Board's only concern with granting Payment Accounts ACH access appears to be "credit risk from ACH debits received by Payment Accounts, because the Reserve Banks do not have the ability to predict debit transactions with sufficient accuracy or limit the amount of debit transactions a Payment Account could receive to a certain threshold." *Id.* at 30,631. The Board, however, could require institutions to hold reserve funds, sized based on historical payment and settlement activity, to mitigate the credit risk related to ACH debits. Because the amount of necessary reserves would be calculated from the Payment Account holder's historical transactional data, the reserve funds should sufficiently cover most, if not all, of the account's debit transactions.

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[11] Exec. Order No. 14405, *Integrating Financial Technology Innovation Into Regulatory Frameworks*, 91 Fed. Reg. 30,475, 30,475 (May 19, 2026).

[12] *Id.*

## II. Balances in Payment Accounts should receive interest.

Under the proposed Regulation D: Reserve Requirements of Depository Institutions, "balances maintained in Payment Accounts would not receive interest." 91 Fed. Reg. at 30,506. The Board justifies paying no interest on two grounds: (1) "[m]inimizing the size of Payment Accounts would help ensure that their direct effect on Federal Reserve liabilities is modest"; and (2) zero interest would be "consistent with the underlying purpose of the Payment Account to support the clearing and settling of payment activity rather than serving as a store of value." *Id.* Neither rationale withstands scrutiny.

First, zero interest is unnecessary to minimize Payment Account balances in light of the proposed Closing Balance Limit of up to $1 billion. That cap already limits the impact of Payment Accounts on the Reserve Banks' balance sheets, as the Board recognizes in proposing the Closing Balance Limit. 91 Fed. Reg. at 30,640. There is no need for incentives to limit Payment Account balances even further, let alone using the blunt tool of offering zero interest on balances. That is particularly so because even full utilization of the Closing Balance Limit would not meaningfully expand Reserve Banks' balance sheets: Even if 200 Payment Account holders hold $1 billion each in their accounts, that would represent less than 3% of the Federal Reserve System's total assets.[13]

Second, paying interest on balances is consistent with "the underlying purpose of the Payment Account to support the clearing and settling of payment activity." 91 Fed. Reg. at 30,506. An interest rate of zero imposes an opportunity cost on balances held at Reserve Banks, so Payment Account holders would be incentivized to hold only the minimum amount necessary to support day-to-day settlement activities. Account holders may be unable to transfer funds held at commercial banks into their Payment Accounts in time to cover large, unexpected settlements, which could create the risk of transaction rejection. Offering zero interest therefore could undermine the purpose of the Payment Account to support payment and clearing functions by creating incentives that could lead to disruptions in payment processing.

Moreover, a zero-interest policy would undermine stability in the banking system. At the end of each business day, Payment Account holders would be incentivized to sweep excess balances into banking products that offer overnight interest. These end-of-day flows would introduce a new, correlated channel of stress transmission between Payment Account holders and the traditional banking system. Although commercial banks can easily absorb idiosyncratic, uncorrelated flows, the synchronized, end-of-day flows that a zero-interest policy would compel

[13] Bd. of Governors of the Fed. Rsrv. Sys., *Credit and Liquidity Programs and the Balance Sheet* (accessed July 27, 2026), https://tinyurl.com/mh38x9x6.

could transmit shocks or behavioral shifts from Payment Account holders to other segments of the banking system. Because every Payment Account holder would face the same zero-interest penalty at the same daily cutoff, their sweeping would move in the same direction at the same time in a coordinated nightly sweep of funds. Allowing Payment Account balances to earn interest would remove this incentive and the correlated flows (and potential stresses) it produces.

In general, the Board should not rely on economic disincentives to limit the use of Payment Accounts. Instead, the Board could prevent account holders from using the Payment Account as a store of value through account features that are calibrated to account holders' business activity. A zero rate is a particularly imprecise lever because its deterrent effect varies with the rate environment, weakening as market rates decline, whereas the Closing Balance Limit constrains balances directly and consistently regardless of prevailing rates. For example, the proposed Closing Balance Limit already ensures that account holders would invest cash reserves above the balance cap outside Payment Accounts. That approach is superior to imposing economic penalties for holding balances in Payment Accounts, which would disincentivize the use of Payment Accounts and lead innovative financial institutions to continue to rely on intermediaries.

Paying interest on Master Accounts but not on Payment Accounts also creates an arbitrary disadvantage for innovative financial technology companies, inconsistent with Trump Administration policy of providing a level regulatory playing field for incumbent banks and innovative payment institutions. For example, there is no reason why Reserve Banks should withhold interest from an uninsured national bank stablecoin issuer but pay interest to a subsidiary of an insured bank engaged in identical activity under identical OCC supervision. Instead, the Board should ensure that institutions engaged in the same payment activities receive the same interest rate on their Reserve Bank account balances.

Moreover, the GENIUS Act explicitly lists "money standing to the credit of an account with a Federal Reserve Bank" as a permissible reserve asset. 12 U.S.C. § 5903(a)(1)(A). The OCC's March 2, 2026 proposed rule under the GENIUS Act also envisions that stablecoin issuers should hold some reserves at Reserve Banks. *See* 91 Fed. Reg. 10,202, 10,216 (Mar. 2, 2026) ("[A] permitted payment stablecoin issuer would be deemed to satisfy proposed § 15.11(c) if [it] maintains on each business day: (i) at least 10 percent of its required reserve assets as . . . money standing to the credit of an account with a Federal Reserve Bank."). The GENIUS Act explicitly enumerated balances held at Reserve Banks among its short list of statutorily permissible reserve assets because they would be the safest, most liquid assets. The Board's zero-interest proposal, however, would disincentivize stablecoin issuers (many of whom under the proposal would continue to lack access to Master Accounts) from holding dollar reserves at Reserve Banks.

## III. The Board should adopt uniform, objective criteria for setting a functional Closing Balance Limit.

The Board proposes to impose a "Closing Balance Limit" based on "internal Reserve Bank data on the Payment Account holder's payment flows" and "any forecasts and additional information provided by the Payment Account holder" not to exceed $1 billion. 91 Fed. Reg. at 30,646. The BA supports the Board's decision to increase the balance limit from the proposed $500 million limit in the Board's previous request for information. As currently drafted, however, the proposal would create regulatory uncertainty that would impede liquidity management and payment operations. The Board should instead ensure that the Closing Balance Limit is derived from uniform, objective criteria and embeds sufficient flexibility to accommodate large settlements. The $1 billion cap, while an improvement, also may not sufficiently accommodate routine payment activities of all account holders. The Board should impose a Closing Balance Limit in excess of $1 billion if an account holder can demonstrate that its business needs regularly require a higher balance cap.

Under the proposal, Reserve Banks would have discretion to impose an institution-specific balance cap. Similarly situated Payment Account holders may face very different Closing Balance Limits if they hold accounts with different Reserve Banks, or if the same Reserve Bank chooses to exercise its discretion differently with respect to different Payment Account holders. The proposal may therefore confer arbitrary regulatory advantages on a subset of Payment Account holders, an outcome inconsistent with President Trump's directive to "remove" "fragmented regulations and supervisory practices."[14] Rather than granting Reserve Banks "sole discretion," 91 Fed. Reg. at 30,646, the Board should promulgate uniform, objective standards for setting the Closing Balance Limit that apply across Reserve Banks. The Board should ensure that under these standards, Payment Account holders would have sufficient balances in their accounts overnight to support next-day payment activities.

It is also unclear whether the proposal would permit Reserve Banks to adjust the Closing Balance Limit between annual reviews. *See* 91 Fed. Reg. at 30,646 ("The Reserve Bank has sole discretion to set the Closing Balance Limit of the Payment Account within the parameters noted above."). Payment Account holders need certainty on how much closing balance they may hold to manage liquidity and payment operations efficiently. Because the proposed Payment Accounts must prefund all settlement activity, the closing balance an account holder may maintain determines its capacity to fund payments at the open of the next Federal Reserve business day. If Reserve Banks could lower the balance limit unilaterally and without advance notice between annual

[14] Exec. Order No. 14405, *Integrating Financial Technology Innovation Into Regulatory Frameworks*, 91 Fed. Reg. 30,475, 30,475 (May 19, 2026).

reviews, that would inject operational uncertainty and liquidity risk into Payment Accounts. To avoid this problem, the Board should clarify that a Reserve Bank may only lower the Closing Balance Limit between annual reviews when necessary and upon advance notice to the Payment Account holder, clearly detailing the basis for the reduction and the expected timeline on which it will apply.

The "proposal acknowledges that, in unusual circumstances, the Reserve Banks may temporarily permit an institution to exceed its individual Closing Balance Limit." 91 Fed. Reg. at 30,640. The BA supports this flexibility, but the Board should ensure that Reserve Banks would timely grant a Payment Account holder's request to exceed its Closing Balance Limit temporarily for ordinary business purposes. For example, the proposal contemplates that "a Payment Account holder could anticipate larger than normal payment outflows and request to temporarily exceed its Closing Balance Limit to maintain the smooth flow of payments." *Id.*

The flexibility for Payment Account holders to maintain above-normal closing balances temporarily is especially important should the Board decide to condition FedACH access on alternative controls such as prefunding. *See supra* at 7. Because individual ACH payments are bundled into batches for processing, a rigid Closing Balance Limit would mean that a Payment Account holder would be unable to prefund any settlement batch whose total value exceeds the closing balance cap. The Board should revise the proposed Closing Balance Limit so that it would not pose operational challenges to an account holder's payment use cases.

## IV. The Board should preserve flexibility for Payment Account holders to access intraday credit and the discount window during special circumstances.

Under the proposal, Payment Account holders "would not be permitted access to intraday credit." 91 Fed. Reg. at 30,637. Payment Account holders also would not be "eligible for access to discount window credit from the Reserve Banks." Regulation A: Extensions of Credit by Federal Reserve Banks, 91 Fed. Reg. at 30,500. The BA understands the Board's objective of "minimiz[ing Payment Accounts'] operational complexity and risk profile." 91 Fed. Reg. at 30,637. But the Board should preserve flexibility in the proposal to provide Payment Account holders with short-term liquidity during exigent circumstances.

As an example, during extreme market stress and illiquidity, a stablecoin issuer may receive unusually high volumes of redemption requests. Access to intraday credit or the discount window would provide the necessary cash for the issuer to fulfill redemption requests in a timely manner and maintain confidence in the stablecoin. These short-term loans would not pose risks to the Federal Reserve System either: the stablecoin issuer could offer its 1:1 reserve assets held in high-grade investments as collateral to the Reserve Bank.

## V. The Board should clarify that Reserve Banks will rely on primary regulators to ensure compliance with illicit-finance laws.

The BA agrees with the Board's assessment that it "does not believe that a Payment Account would present materially different illicit finance risk than a Master Account." 91 Fed. Reg. at 30,634. The proposal acknowledges that with respect to illicit finance, "[i]n many cases, the Reserve Bank will receive, on an ongoing basis, an assessment of the Payment Account holder by its primary supervisor." *Id.* at 30,647. The BA supports the proposed discretionary authority for Reserve Banks to "require a Payment Account holder to provide additional information to mitigate illicit finance risk," *id.*, and appreciates that "[t]hese illicit finance terms are consistent with those the Reserve Banks already use to mitigate illicit finance risks associated with Master Accounts," *id.* at 30,639.

The Board, however, should clarify that although Reserve Banks could request from a Payment Account holder "information related to its BSA/AML and OFAC compliance," 91 Fed. Reg. at 30,639, Reserve Banks will rely on primary regulators to manage illicit-finance risks and that Reserve Banks would exercise their discretionary authority only as a supplemental measure. The Board already contemplates that Reserve Banks would look to primary regulators for compliance with illicit-finance laws: "[i]nstitutions eligible to maintain an account with a Reserve Bank are . . . generally subject to examination by a primary state or federal supervisor to assess and determine their BSA/AML and OFAC compliance," and "the Reserve Bank should incorporate into its risk assessment . . . the assessments of an institution by its state and/or federal supervisors." *Id.* at 30,634. The Board should revise the proposal to state explicitly that a Reserve Bank's discretionary authority to mitigate illicit-finance risks is intended only as a supplement to enforcement by primary supervisors. Because the Board already uses this approach for Master Accounts, and because Payment and Master Accounts are expected to pose similar illicit-finance risks, *id.* at 30,634, the Board should adopt this approach with respect to Payment Accounts as well.

## VI. The Board should streamline access to Master Accounts.

In addition to improving the proposed Payment Accounts' features, the Board should ensure that more institutions have access to the full suite of Reserve Bank services available through Master Accounts. Master Account access is critical to fostering innovation and competition in financial technology. Today, innovative financial institutions rely on correspondent banks—many of whom actively compete against them—for access to payment rails. Direct access removes the layer of third-party correspondents, lowers transaction costs, increases settlement speed, and reduces the counterparty and correspondent concentration risks of relying on a limited number of intermediaries. With their own Master Accounts, firms can design more efficient payment processes, control their own settlement, and build innovative products without constraints from an intermediary's systems or willingness to support these use cases. Direct access to Reserve Bank services levels the playing field for new entrants and encourages competition in the payments marketplace. This dynamic will likely produce many innovative offerings and "help cement the United States as the world leader in financial technology innovation."[15] The Board should take several steps in these rulemakings to open up access to Master Accounts.

*First*, the Board should create a streamlined path for graduating from a Payment Account to a Master Account. Under the Board's proposal, "the provision of a Payment Account should not be an indication of any future provision of a Master Account." 91 Fed. Reg. at 30,635. The proposal also does not "set[] an indicative timeline for Reserve Bank reviews of" access requests for Master Accounts by Tier 2 and Tier 3 institutions. *Id.* at 30,642. The Board should not adopt these provisions, because they risk creating a permanent two-tiered financial system inconsistent with President Trump's policy of "promoting financial innovation and cutting out regulatory protections for incumbents."[16]

The Board appears to have declined to create a path for graduation from a Payment Account to a Master Account based on the Board's view that it would need to do additional risk assessment of the account holder. 91 Fed. Reg. at 30,635. But a supervisory track record from Payment Accounts contains valuable, verifiable information on the account holder's risk profile. Indeed, "the Board acknowledges that a Reserve Bank's experience with a Payment Account holder could inform its review of a request for a Master Account." *Id.* The Board could condition a Payment Account holder's graduation to a Master Account on completion of certain milestones that reflect the account holder's operational resiliency and risk management. These milestones could be based on transactional history, operational maturity, or compliance track records. In addition to the supervisory track record from the Payment Account, the Board could still request the full scope of information that it would have reviewed under a standalone request for a Master Account. A path to graduate to a Master Account therefore provides regulatory certainty to Payment Account holders without introducing additional risk to Reserve Banks.

Providing a path for graduation from a Payment Account to a Master Account also would be consistent with the statutory text of the MCA. The "ordinary language of" Section 248a(c)(2) "mandates access to the Fed's payment services for all nonmember depository institutions." *Custodia Bank, Inc. v. Fed. Rsrv. Bd. of Governors*, 157 F.4th 1235, 1275 (10th Cir. 2025)

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[15] *Fact Sheet: President Donald J. Trump Integrates Financial Technology Innovation into Regulatory Frameworks*, The White House (May 19, 2026), https://tinyurl.com/yjpu2t9s.

[16] *Fact Sheet: President Donald J. Trump Integrates Financial Technology Innovation into Regulatory Frameworks*, The White House (May 19, 2026), https://tinyurl.com/yjpu2t9s.

(Tymkovich, J., dissenting); *see Fourth Corner Credit Union v. Fed. Rsrv. Bank of Kan. City*, 861 F.3d 1052, 1070 (10th Cir. 2017) (Op. of Bacharach, J.) ("§ 248a(c)(2) unambiguously entitled all nonmember depository institutions to a master account.").

*Second*, the Board should take up its suggestion to "set[] timelines for reviewing other access requests from Tier 2 and Tier 3 institutions." 91 Fed. Reg. at 30,642. Reserve Banks should render a decision on requests for Master Accounts by Tier 2 and Tier 3 institutions within 120 days. In practice, delays from the lack of a definite review timeline can result in effective denials of applications, and uncertainty around the decision timeline can dissuade firms from even applying for a Master Account in the first place. For example, Custodia Bank did not receive a decision on its application for a Master Account for more than 19 months, even though the Federal Reserve Bank of Kansas City confirmed that Custodia was legally eligible to hold a Master Account.[17]

*Third*, although all eligible institutions should have a clear pathway to opening a Master Account, the Board should immediately improve its regulatory treatment of national trust banks. As their primary regulator, the OCC comprehensively regulates and supervises national trust banks at the federal level. National trust banks are also legally required to become members of the Federal Reserve System "upon commencing business." 12 U.S.C. § 222. And some national trust banks—including BA member Anchorage Digital National Bank—are already members of the Federal Reserve System. Moreover, trust banks do not engage in traditional, fractional-reserve lending and can only hold assets in fiduciary or custodial structures. Due to their limited business model and the legal requirement to segregate customer assets, trust banks present very little credit and liquidity risk and, accordingly, these characteristics make national trust banks well suited to direct Reserve Bank access and counsel in favor of evaluating them on terms no less favorable than those afforded to other Tier 1 institutions.

*Fourth*, the Board should immediately end its pause in processing Master Account applications for Tier 3 institutions. Although the BA supports the proposal that "Reserve Banks are generally expected to complete their review of Payment Account requests from Tier 2 and Tier 3 institutions within 90 calendar days of receiving all requested documentation," 91 Fed. Reg. at 30,652, the proposed Payment Account is only a temporary solution for Tier 2 and Tier 3 institutions to access some of Reserve Banks' services. The BA therefore opposes the Board's request that Reserve Banks "pause decisions on access requests from Tier 3 institutions until the Board has completed its policy development process on the Payment Account proposal." *Id.* at 30,635-36. The BA opposes any implication that the proposed Payment Account would function as a substitute for a Master Account. As the proposal correctly recognizes, "Payment Accounts

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[17] *See Custodia Bank, Inc. v. Fed. Rsrv. Bd. of Governors*, No. 1:22-cv-00125, Dkt. 1 (Complaint) (D. Wyo. June 7, 2022).

would be a new, *optional* way for institutions to request access to accounts and services." *Id.* at 30,636 (emphasis added). Even after the Board finalizes the proposed Payment Account, Tier 3 institutions would still be able to request access to Master Accounts. Pausing review on these applications would cause unnecessary delay and would not resolve many Tier 3 institutions' needs to access all Reserve Bank services available under a Master Account.

## Conclusion

We appreciate the opportunity to comment on the Board's proposal. The Board should adopt the proposal with the above-described revisions. These proposed revisions will ensure that innovative financial institutions can compete with incumbent banks on a level regulatory playing field. This competition would foster innovation in the payments market and help position the United States as the global leader in financial technology, consistent with Trump Administration policy. The BA welcomes the opportunity to meet with the Board and its staff to address any questions regarding this comment letter.

Respectfully submitted,

*/s/ Ashok Pinto*
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