COMMENT LETTER

Reserve Bank Payment Account Prototype

February 6, 2026
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Benjamin W. McDonough, Deputy Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551
Docket No. OP-1877

Re: *Request for Information and Comment on Reserve Bank Payment Account Prototype*

The Conference of State Bank Supervisors ("CSBS")1 provides the following comments on the Request for Information ("RFI") issued by the Federal Reserve Board (the "Board") entitled *Request for Information and Comment on Reserve Bank Payment Account Prototype*.2 The RFI seeks input on a special purpose Reserve Bank account prototype ("payment account"), which would provide eligible institutions with access to accounts and services for the limited and express purpose of clearing and settling an institution's payment activity.

A limited Federal Reserve payment account has the potential to enhance clarity and promote timely and equitable access to Reserve Bank services for eligible institutions with payments-focused business models. A prospective payment account would most likely appeal to institutions that are currently subject to Tier 3 review under the Federal Reserve's Master Account Guidelines.3

Eligible institutions requesting access to payment accounts should be subject to a more streamlined risk assessment and review process given the proposed limitations and risk-mitigating features, including restrictions on discount window borrowing and overdrafts. The streamlined process would represent a marked improvement over the Federal Reserve's current opaque, lengthy, and open-ended review process for Tier 3 institutions.4

Should the Board proceed with a special purpose payment account, state regulators expect robust information sharing and consultation with Reserve Banks on any access requests involving state-chartered institutions. State regulators have relevant supervisory information for the Reserve Banks as they review access.5 Conversely, access to a payment account will significantly impact an institution's operations and risk profile, which is of critical importance to state regulators' ongoing supervisory work.

State regulators look forward to working with the Board and Reserve Banks on a prospective payment account for eligible institutions with a payments-focused business model. A transparent, fair, and timely review process with robust supervisory information sharing and consultation will provide significant benefits to certain state-chartered institutions, the Federal Reserve, and state regulators alike.

Sincerely,

Brandon Milhorn
President & CEO

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  CSBS is the nationwide organization of state banking and financial regulators from all 50 states, the District of Columbia, and the U.S. territories.

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  FRB, Notice of Request for Information, *Request for Information and Comment on Reserve Bank Payment Account Prototype*, 90 Fed. Reg 60096 (Dec. 23, 2025).

- 3

  Tier 3 institutions include non-federally-insured state-chartered entities that are not subject to federal prudential supervision and lack a holding company subject to Federal Reserve oversight, as well as non-federally-insured federal-chartered entities that do not have a holding company subject to Federal Reserve oversight. These institutions are subject to the most stringent level of review regarding master account requests. *See* Federal Reserve Board, Final Guidance, *Guidelines for Evaluating Account and Services Requests*, 87 Fed. Reg. 160 (Aug. 19, 2022).

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  State regulators have long raised concerns about the Federal Reserve's master account guidelines and how they treat uninsured state-chartered institutions vis-à-vis uninsured federally-chartered institutions. *See, e.g.*, CSBS, Comment Letter Re: *Guidelines for Evaluating Account and Services Requests* (Jan. 17, 2023); *see also* CSBS, Comment Letter Re: *Supplemental Notice – Proposed Guidelines for Evaluating Account and Services Requests* (Apr. 22, 2022).

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  The Board specifically asks about the potential risks associated with money laundering and financial crimes, insights that state regulators can provide on individual state-chartered institutions during the access review process. *Supra* note 2, at 60099.

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