



July 12, 2021

*Via Electronic Mail*

Ann E. Misback, Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

Re: Proposed Guidelines for Evaluating Account and Services Requests  
Docket No. OP-1747

Ms. Misback:

Simmons Bank is pleased to provide comments in response to the Proposed Guidelines for Evaluating Account and Services Requests proposed by the Board of Governors of the Federal Reserve System (Board). As noted in the supplementary information to the proposed guidelines, the payments landscape is evolving rapidly given technological advances and other factors that are leading to both the introduction of new financial products and services and to different ways of providing traditional banking services. At the same time, Federal Reserve Banks (Reserve Banks) are experiencing an increasing number of inquires and requests for accounts and services from novel institutions.

While the Reserve Banks have received these inquiries on an exceptional basis in the past, we agree with the Board's belief that given the increase in the number and novelty of such inquiries, a more transparent and consistent approach to such requests should be adopted by the Reserve Banks, and that a structured, transparent and detailed framework for evaluating access requests would benefit the financial system broadly.

We also agree with the Board's assessment that the proposed guidelines would reduce the potential for forum shopping across Reserve Banks and mitigate the risk that individual decisions by Reserve Banks could create de facto Federal Reserve System policy for a particular business model or risk profile. Moreover, while the proposed guidelines are designed primarily for new access requests, they also create guidelines for Reserve Banks to apply to existing account and service relationships when a Reserve Bank becomes aware of a significant change in the risks that the account holder presents due to changes in the nature of its principal business activities, conditions, etc.

Of the six principles proposed by the Board, we generally support principles two through six. With respect to the first principle, we note the commentary that the Board is considering whether, in the future, it may be useful to clarify the interpretation of legal eligibility under the Federal Reserve Act for a Federal Reserve account or services. In this regard, we encourage the Board to proceed expeditiously. Special purpose depository institutions are increasing in number and may not be subject to the same level of federal supervision, laws and regulation as applied to insured depository institutions. With this unlevel playing field, providing access to Federal reserve accounts gives rise to numerous policy issues.

It is our view that depository institutions should be insured to access Federal Reserve accounts and services. However, should the Board deem it appropriate to provide access to uninsured special purpose institutions, we encourage the Board to consider “bank-like” condition and commitments in approving an account or account services. The Federal Deposit Insurance Corporation’s Order approving the application by Square Financial Services, Inc. to acquire a proposed Utah-based Industrial Bank provide a useful starting point.

<https://www.fdic.gov/news/press-releases/2020/pr20033a.pdf>

If you have any questions, please feel free to contact me at 501.558.3141 or by email at [bob.fehlman@simmonsbank.com](mailto:bob.fehlman@simmonsbank.com).

Respectfully,



Bob Fehlman  
President & COO  
Simmons Bank