

KATIE COX

Proposal and Comment Information

Title: Request for Information and Comment on Reserve Bank Payment Account Prototype, OP-1877

Comment ID: FR-2025-0083-01-C12

Subject

Docket No. OP-1877 Comment on Reserve Bank Payment Account Prototype

Submitter Information

Name: Katie Cox

Submitted Date: 01/01/2026

Attached is my comment letter for Docket No. OP-1877

Please feel free to contact me at my email address or at 703-640-8666.

Thanks,

Katie Cox

CoxFedLaw, LLC
P.O. Box 171
Elkton, VA 22827
katie@coxfedlaw.com
Cell: 703-640-8666

January 2, 2026

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

Dear Ben,

This letter is in reference to the Request for Information and Comment on Reserve Bank Payment Account Prototype as of December 5, 2025 – Docket no. OP-1877.

I would like to commend the Federal Reserve for considering issuing a “skinny master account” that is tailored to the risks and needs of institutions focused on payments innovation.

My first comment is that the Federal Reserve should be agnostic as to whether a skinny master account applicant involves a former high-ranking Federal Reserve official. As you are probably aware, I have been an advisor to several payments innovators whose master account applications have either been withdrawn, denied or continue to languish in the Federal Reserve System. To date, and to my knowledge, the Federal Reserve has granted recently only two noninsured depository institutions master accounts: the first one was affiliated with former Governor Sarah Bloom Raskin and the second one was affiliated with former Vice Chair Randal Quarles. Consequently, the payments industry is looking for fair and equitable treatment of their master account proposals and does not want to resort to engaging former high-ranking Federal Reserve officials as investors or directors. I have been asked by several clients whether they should go this route, which is a sad state of affairs, and frankly, embarrassing for me as a Fed alum.

My second comment is that one of the key sources of confusion in the industry is the definition of “legally eligible for Federal Reserve accounts and services under the Federal Reserve Act.” Please clarify as plainly as possible whether the Federal Reserve considers state-chartered special purpose depository institutions or industrial loan companies “legally eligible.” Also, please specifically detail what types of financial institutions are not eligible. It is helpful to know right off the bat whether a client is eligible or ineligible so we are not wasting everyone’s time and money.

My third comment is for the Federal Reserve to develop a comprehensive application form for Tier 2 and Tier 3 institutions applying for a skinny master account. As you may be aware, for over ten years while I was at the Board of Governors, I had the responsibility of revising and developing forms for the Mergers and Acquisitions applications for the Federal Reserve System as well as for interagency forms that also involved the FDIC and OCC. As a consultant to Tier 2 and Tier 3 firms applying for master accounts, the current form is just one page with no substantive information requests. As a result, applicants and their advisors must guess as to what master account application information to provide the Federal Reserve. A detailed form that requests all the information that the Federal Reserve wishes to consider would be extremely helpful for both applicants and for Federal Reserve staff.

Thank you for your consideration of the matters above. I look forward to seeing a skinny master account implemented.

Sincerely,

Katie S. Cox

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