

ANCHORAGE DIGITAL NATIONAL BANK, NATHAN MCCUALEY, ET. AL.

Proposal and Comment Information

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

Comment ID: FR-2025-0083-01-C36

Submitter Information

Organization Name: Anchorage Digital National Bank

Organization Type: Company

Name: Nathan McCauley, et. al.

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Please see the attached comment letter from Anchorage Digital leadership.



February 3, 2026
VIA ELECTRONIC TRANSMISSION

Benjamin W. McDonough
Deputy Secretary of the Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
1500 Pennsylvania Avenue NW
Washington, DC 20551

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

Dear Mr. McDonough:

Anchorage Digital Bank National Association (the “Bank”) appreciates the opportunity to comment on the Request for Information and Comment on Reserve Bank Payment Account Prototype. The Bank has operated as a federally chartered bank regulated by the United States Office of the Comptroller of the Currency (the “OCC”) for over five years. During this time, the Bank has become the industry leader in digital asset custody—designed for security and asset accessibility—with tens of billions of digital assets under custody for institutional clients. In 2025, the Bank became the first federally chartered stablecoin issuer, and it expects to become a permitted payment stablecoin issuer pursuant to the GENIUS Act once the Act is effective. In addition to custody and stablecoin issuance services, the Bank provides staking and settlement services. These services are provided to institutional clients such as banks, venture capital and private equity firms, family offices, asset managers, sovereign wealth funds, registered investment advisers, digital asset protocols and governments.

We support initiatives by the Board of Governors of the Federal Reserve System (the “Board”) to partner with industry participants to modernize the payments system while mitigating potential risks. However, for the proposed Payment Account to serve as a viable alternative to a full Master Account for eligible institutions, including national trust banks, specific deficiencies regarding overnight balance caps, interest on reserves, and FedACH access must be addressed. Anchorage Digital Bank submits that the Federal Reserve can make these services available to eligible Master Account applicants while managing risk as set forth in Section 2, below.

1. The Strategic Value of Direct Access

The Bank applied for a Federal Reserve Master Account in August 2025 to minimize counterparty risk, enhance transparency, and improve operational efficiency. The Bank currently relies on third-party sub-custodians to hold clients’ cash for which it serves as a custodian or fiduciary. Using third-party sub-custodians introduces cost, complexity, third-party risk, and the potential for settlement failure into the Bank’s management of cash held by customers. Direct access to Federal Reserve services would support the Bank’s liquidity profile and reduce its



reliance on third parties for payments system access, mitigating the credit and duration risks inherent in relying on third-party sub-custodians. Direct access to Federal Reserve services also would allow the Bank to leverage best-in-class BSA/AML and OFAC compliance programs across the entire lifecycle of a transaction, significantly enhancing the detection and prevention of illicit financial activity. Removing inessential third-party relationships is particularly critical for any institution that seeks to promote innovation by bridging the traditional and digital asset ecosystems, as we have experienced while operating the nation's first federally chartered stablecoin issuer.

2. Critical Feedback on the Payment Account Prototype

While we acknowledge the benefits of access to the Fedwire Funds Service, National Settlement Service, and FedNow afforded by the proposed Payment Account, the current prototype of the proposed Payment Account lacks three essential features required to realize its utility for innovators. We request the Board consider the following changes:

- **Removal of Overnight Balance Caps:** The proposed cap forces institutions to sweep client funds to correspondent banks overnight, reintroducing the very credit and operational risks the Payment Account is intended to eliminate. Such caps also negate the business continuity and disaster recovery value of the Payment Account. Removing or raising these caps is essential for eligible financial institutions to provide financial services in a safe and sound manner.

To the extent that the Board is concerned about the Reserve Banks' ability to control the Federal Reserve's balance sheet, other tools are better fit to achieve this objective. For example, Reserve Banks already require Master Account applicants to provide a business plan in connection with their application that includes a comprehensive overview of services that the applicant will provide and financial projections for the volume of services. Nearly every state and federal chartering authority imposes a similar requirement for newly established financial institutions and conditions approval of the institution on compliance with the proposed business plan. Rather than imposing an across-the-board cap that eliminates significant uses, Reserve Banks should leverage these existing limitations imposed by other regulators by requiring Payment Account holders to comply with the business plan provided—preventing Payment Account holders from dramatically expanding or adjusting their use of payment services or from offering services that had not received regulatory approval. Use cases that clearly implicate the Federal Reserve's ability to control its balance sheet or may pose risks to the payments or financial system, such as narrow banking, could also be prohibited via this mechanism. The result would be a Payment Account framework that is appropriately tailored to the risks presented by account holders and service offerings, rather than a blanket limitation that inhibits significant payments use cases.

- **Payment of Interest on Reserve Balances (IORB):** The lack of IORB will impose a significant competitive disadvantage on Payment Account holders relative to Master



Account holders, even where they are otherwise engaged in the same activities subject to the same regulation. Under the GENIUS Act, for example, both an uninsured national bank and a subsidiary of an insured national bank may act as “permitted payment stablecoin issuers” and are subject to licensing and supervision by the OCC. Both an uninsured national bank and a national bank are also eligible to receive payment services, including a Master Account or a Payment Account, because they are “member banks” eligible to receive services under Section 13 of the Federal Reserve Act. If the uninsured national bank is limited to a Payment Account, however, it cannot use the Payment Account to facilitate its management of stablecoin reserves. Both the maximum balance and IORB prohibition render the Payment Account effectively infeasible for this purpose relative to a traditional correspondent banking arrangement. The subsidiary of the insured national bank, on the other hand, may custody reserves in its parent’s Master Account, earning full IORB without balance limitations and benefitting from direct access to payment rails. This outcome would be entirely arbitrary—the uninsured national bank and stablecoin subsidiary are subject to exactly the same supervision and licensing requirements but receive differentiated access to Federal Reserve services and IORB economics. Limiting IORB for Payment Account holders therefore introduces avoidable counterparty risk to the Bank, its clients, and the broader payments system, greatly restricting the utility of the proposed Payment Account while leaving unaddressed the exact risks that prohibiting IORB for Payment Accounts is intended to resolve.

- **Inclusion of FedACH Access:** A Payment Account without access to FedACH services is unlikely to achieve its intended objective of fostering the development of efficient payments services. Although the Fedwire payments system accounts for the majority of transaction value, the overall ACH Network processes 99% of payments by volume.^{1 2} Access to FedACH is therefore a minimum requirement for Payment Account holders seeking to provide innovative services to consumers. If the Board is concerned with the lack of automated controls in FedACH for overdraft risks, there are other means for Reserve Banks to be protected from credit exposure to Payment Account holders, including security and collateral requirements, operating agreements, and, most fundamentally, enhancements to the capabilities of the FedACH network to allow it to reject transactions that would result in an overdraft.

Without these changes, the Payment Account would not support the payment activities of eligible institutions or eliminate or alleviate barriers to payments innovation. Legally eligible institutions would continue to default to the use of third-party correspondent banking relationships, which would offer superior economics at the cost of increased risk to both the institutions involved and the payments system. This outcome would not serve the objectives of the Payment Account proposal or of the Guidelines. Anchorage Digital Bank requests that the Federal Reserve consider the risk mitigation strategies set forth above and continue to partner

¹ Federal Reserve Banks, Fedwire Funds Service – Annual Statistics, <https://www.frbservices.org/resources/financial-services/wires/volume-value-stats/annual-stats.html>

² Nacha, ACH Network Volume and Value Statistics, <https://www.nacha.org/content/ach-network-volume-and-value-statistics>



with industry participants to develop the infrastructure necessary to manage any additional concerns without limiting access to the key suite of Federal Reserve services.

3. Regulatory Oversight and Standards

Regarding the condition that applicants maintain acceptable BSA/AML and OFAC compliance programs, we agree that these safeguards are paramount. However, we urge the Board to recognize the rigorous supervision already applied to federally chartered institutions. As a national bank, Anchorage Digital Bank operates under the same rigorous BSA/AML and OFAC compliance and prudential supervisory frameworks applicable to every other national bank—standards that are examined periodically by the OCC and more than fully adequate to mitigate risk for both Payment Account and full Master Account access. Acknowledging the sufficiency of existing frameworks for federally chartered banks with extensive operating histories is the prudent path forward that furthers regulatory certainty in a currently opaque account access review process and is also consistent with the Board’s broader objectives of, where possible, relying on the determinations and judgment of a bank’s primary supervisor.³

Conclusion

The Bank remains optimistic about the potential of digital assets to drive efficiency across the financial ecosystem. While the proposed Payment Account is a positive step toward facilitating access for eligible institutions, the current limitations—specifically the lack of IORB, FedACH access, and the imposition of overnight caps—hinder the Payment Account’s ability to enhance the safety and soundness of national banks.

We look forward to further engagement with the Board as it refines the Payment Account structure.

Respectfully submitted,

Signed by:

Nathan P McCauley

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Nathan McCauley
Co-Founder and CEO
Anchorage Digital

Signed by:

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Rachel Anderika
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³ See, e.g., Board of Governors of the Federal Reserve System, *Statement of Supervisory Operating Principles* (Oct. 29, 2025), <https://www.federalreserve.gov/newsreleases/files/bcreg20251118a1.pdf>.