

THE DIGITAL CHAMBER, CODY CARBONE

Proposal and Comment Information

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

Comment ID: FR-2025-0083-01-C91

Submitter Information

Organization Name: The Digital Chamber

Organization Type: Organization

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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,

The Digital Chamber (“TDC”) respectfully submits this response to the Board of Governors of the Federal Reserve System’s (the “Board”) Request for Information (“RFI”), which seeks public input on a prototype for a special-purpose Federal Reserve Bank account (a “Payment Account”). Founded in 2014, TDC is the world’s largest digital asset and blockchain trade association, representing more than 250 members across the global blockchain ecosystem—including stablecoin issuers, digital asset firms, national banks, blockchain analytics firms, custodians, tokenization platforms, and companies building core blockchain infrastructure.

We support the Board’s initiative to modernize the payments system. Innovation and expanded options are essential for industry growth, and to ensure innovation occurs within the regulatory perimeter. Payment Account prototypes can serve as necessary special-purpose Reserve Bank accounts for clearing and settlement. Offering tailored account options enables payment-focused institutions to access Federal Reserve infrastructure with supervision appropriate to their activities, rather than forcing them into legacy banking frameworks designed for fundamentally different business models.

TDC concurs with the Board’s assessment that many eligible institutions focused primarily on payment activities desire access to only a subset of Federal Reserve services. The proposed Payment Account prototype aligns with the Board’s Account Access Guidelines, supporting payments innovation while maintaining the Board’s risk management and financial stability objectives.¹

¹ [87 FR 51099](#) (Aug. 19, 2022).

However, to ensure that the proposed Payment Account can functionally serve as a viable alternative to a full Master Account for innovators across the financial ecosystem, specific deficiencies in the proposal regarding overnight balance caps and FedACH access must be addressed.

TDC is concerned that the proposed overnight balance caps (lesser of \$500 million or 10% of total assets) would undermine the Payment Account's core value as a secure funding source. These caps would force Payment Account holders to sweep client funds to correspondent banks overnight, reintroducing the credit and operational risks that Payment Accounts are designed to eliminate. Rather than holding funds at the Federal Reserve, institutions would be compelled to rely on commercial banking relationships for overnight liquidity, negating the business continuity and disaster recovery benefits that justify Payment Account access.

The overnight cap contradicts the Payment Account's stated purpose and creates unnecessary systemic risk. The RFI permits Payment Account holders to maintain balances exceeding the overnight limit during business hours to fund payment settlement, recognizing that large balances serve legitimate operational needs. Requiring those same balances to be reduced overnight, only to be restored the next business day, serves no risk mitigation function while introducing operational complexity, settlement errors, and forced correspondent bank dependencies. **If balances are operationally necessary for payment settlement, this necessity does not disappear when markets close.** TDC recommends the Board eliminate overnight caps and instead employ activity-based restrictions, enhanced monitoring, and supervisory oversight to ensure appropriate use without sweep requirements that needlessly increase risk.

TDC appreciates the Federal Reserve's proposal to offer Payment Accounts with access to the Fedwire Funds Service, National Settlement Service, and FedNow. However, excluding FedACH services fundamentally undermines the Payment Account's utility and intended use case. In 2025, the modern ACH Network safely and efficiently processed 35.2 billion payments valued at \$93 trillion, including 1.4 billion "Same Day" ACH payments valued at \$3.9 trillion last year.² Payment Account holders unable to access FedACH cannot serve core customer payment needs, effectively rendering these accounts unsuitable for their stated purpose of enabling payments innovation and likely necessitating continued reliance on correspondent banking relationships mitigating any value of the Payment Account proposal.

We understand the exclusion stems from operational constraints as current Federal Reserve systems lack automated solutions to reject ACH transactions that would cause daylight overdrafts. However, the solution is not eliminating FedACH access entirely but rather implementing technical or operational controls that achieve the same risk mitigation. **TDC recommends the Board either include FedACH access in the**

² Nacha. *ACH Payments Fact Sheet*. Nacha, <https://www.nacha.org/content/ach-payments-fact-sheet>

Payment Account prototype with appropriate risk controls or commit to developing technical solutions enabling safe FedACH access within a specified timeframe.

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

Respectfully submitted,

Cody Carbone

Cody Carbone
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The Digital Chamber

CC:

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