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Proposal and Comment Information

Title: Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through the Fedwire Funds Service and the FedNow Service, R-1891

Comment ID: FR-2026-0011-01-C37

Submitter Information

Organization Name: Stripe, LLC

Organization Type: Company

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Dear Secretary McDonough:

Thank you for the opportunity to comment on the Board of Governors of the Federal Reserve System's proposed amendments to Regulation J that would permit FedNow Service participants to use intermediaries other than Reserve Banks to send funds transfers through the FedNow Service (the "Proposed Rule"). Please find Stripe LLC's ("Stripe") comments attached.

Best regards,
Nuveen

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June 9, 2026

Via the Federal eRulemaking Portal
Mr. Benjamin W. McDonough
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C 20551

Re: Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers through the Fedwire Funds Service and the FedNow Service; Regulation J (Docket No. R-1891; RIN 7100-AH23)

Dear Secretary McDonough:

Stripe, LLC ("Stripe") strongly supports the Board of Governors of the Federal Reserve System's (the "Board") proposed amendments to Regulation J that would permit FedNow Service participants to use intermediaries other than Reserve Banks to send funds transfers through the FedNow Service (the "Proposed Rule"). The Proposed Rule closes a consequential gap in U.S. payment infrastructure, and the Board should finalize it without delay. To realize the Proposed Rule's cross-border objectives in full, Stripe also encourages the Federal Reserve System to modify the on-behalf-of ("OBO") residency restriction in the FedNow Service operating rules as a companion action. That restriction is a structural barrier that, if left in place, will leave the Board's stated cross-border goals only partially achieved.

Stripe is a global technology company that builds economic infrastructure for the internet. Millions of businesses in more than 50 countries, from ambitious startups to many of the world's largest enterprises, use Stripe to accept payments, manage finances, and move money globally. A large and growing share of our users are businesses incorporated inside and outside the United States that transact in U.S. dollars across borders—a U.K. manufacturer paying U.S. suppliers, a European firm managing USD treasury balances, a Canadian marketplace disbursing to U.S. sellers. We therefore have direct, operational experience with the constraints that today's infrastructure imposes on global businesses conducting dollar-denominated commerce.

I. The Proposed Rule is sound policy and should be finalized promptly.

Cross-border payments intermediated through correspondent banks have been standard on the Fedwire Funds Service for decades, and the Proposed Rule would simply extend that same, well-understood model to the FedNow Service. FedNow was designed as the real-time complement to Fedwire for domestic settlement, and there is no risk-based rationale for the two services to diverge on whether a participant may rely on an intermediary. The change also advances a goal the Board itself identified when it announced the FedNow Service in 2020: to evaluate expanding the service to support cross-border payments once the domestic service was established (85 Fed. Reg. 48522, 48527 (Aug. 11, 2020)). The Proposed Rule is the logical next step toward that goal, and we encourage the Board to proceed to a final rule on the fastest available timeline.

Finalizing the Proposed Rule also advances a broader interest of the Board. Today, businesses sending or receiving U.S. dollars across borders have no access to always-on, real-time USD settlement. The Fedwire Funds Service and same-day ACH are unavailable on weekends, and the planned expansion of Fedwire

operating hours is not expected to take effect for several years; the FedNow Service operates on a 24x7x365 basis, but its always-on capability is not yet available for cross-border flows. That gap is among the factors driving demand toward alternative settlement mechanisms, including payment stablecoins, that offer instant, programmable, around-the-clock capability. The Board has a direct and legitimate interest in ensuring that its own payment systems keep pace, consistent with its role in promoting a safe, efficient, accessible, and resilient U.S. payments system with settlement in central bank money.

II. The Board should modify the OBO residency restriction to give full effect to the Proposed Rule's cross-border objectives.

The FedNow Service operating rules separately require that the "Ultimate End Customer" in any OBO payment flow be a U.S. resident or U.S.-domiciled entity (the "OBO Residency Restriction"). Because that requirement resides in the operating rules administered by the Reserve Banks rather than in Regulation J, it would survive the Proposed Rule unchanged. For many of Stripe's customers, it remains a limiting constraint. Its effect, moreover, is not confined to the cross-border setting the Proposed Rule addresses: the same restriction prevents a PSP from serving a non-U.S.-domiciled business even in otherwise domestic FedNow flows, so modifying it carries value independent of, and broader than, this proceeding. Even once the Proposed Rule is finalized, the OBO Residency Restriction would prevent, for example, a U.K. business that uses Stripe from receiving an instant FedNow payment from a U.S. customer into its U.S. account. A comparable limitation has historically applied across U.S. real-time rails, leaving non-U.S. businesses without an always-on USD option. The Clearing House has recently announced that it is extending its RTP network to support cross-border payments, with OBO functionality already live and a correspondent-bank framework expected later this year. The private sector is moving to close this gap, and the Board should ensure that the FedNow Service keeps pace. We note that modifying the OBO Residency Restriction would benefit a broader class of transactions than those contemplated by the Proposed Rule — including domestic FedNow transactions initiated on behalf of non-U.S.-domiciled end users — and should be treated as a companion action regardless of the pace of this rulemaking.

The capability the restriction blocks is concrete and commercially significant. Modifying it would allow businesses in the United States, Europe, and Asia-Pacific that export to U.S. buyers to receive instant payment into U.S. accounts; U.S. businesses to pay non-U.S. contractors and suppliers in real time; and non-U.S. businesses purchasing from U.S. exporters to settle instantly and inexpensively rather than through slower or costlier channels. The restriction has already had a direct effect on Stripe, which has been unable to bring specific product capabilities to market because of it, and it constrains not only Stripe but any PSP, platform, marketplace, or payroll provider serving global commerce. PSPs are, in practice, what make these flows viable. By aggregating cross-border demand, building the underlying bank relationships, and holding the licenses required in the jurisdictions where end users are based, a PSP can onboard enough users to make it commercially sensible for a U.S. bank to provide the domestic settlement leg, which a single regional bank would struggle to do on its own. PSPs also give those users access to local rails as an alternative to slower and more expensive correspondent wires.

The case for modifying the OBO Residency Restriction follows from the same logic as the Proposed Rule: the risk presented by a non-U.S. end user is managed more precisely through the compliance controls of the PSP that serves that user than through a blanket rule keyed to the user's country of domicile. Stripe maintains robust, risk-based compliance frameworks directed at exactly that objective. Stripe screens every user against OFAC sanctions lists before granting access to its payment rails and conducts know-your-customer ("KYC")

diligence at onboarding, regardless of where the user is domiciled, and the financial-crime risk of the geographies involved is a direct input into each user's risk rating. Stripe applies a global KYC and KYB policy with comparable standards across the markets in which it operates, consistent with applicable local regulation. Stripe maintains continuous monitoring controls, including re-screening its user base against updated sanctions lists and applying automated, transaction-level controls. Because Stripe performs this diligence at onboarding, it also holds the originator information needed to populate the relevant FedNow message, supporting Travel Rule and recordkeeping compliance. These layered controls provide the risk coverage that a domicile-based rule attempts to approximate, with precision rather than exclusion. We encourage the Board and the Reserve Banks to recognise that the existing compliance frameworks of PSPs such as Stripe already achieve the objectives of the OBO Residency Restriction, and to treat those frameworks—rather than a blanket domicile requirement—as the governing standard for OBO flows through the FedNow Service.

Accordingly, Stripe encourages the Board to finalize the Proposed Rule promptly and, as a companion action, to work with the Reserve Banks to modify the OBO Residency Restriction so that PSP compliance standards, rather than a blanket domicile requirement, govern OBO flows for PSPs that maintain AML/CFT and sanctions-compliance programs and apply KYC and OFAC screening to all end users.. We recognize that amending the operating rules may proceed on a track separate from this rulemaking, and we do not suggest the Board delay finalization of the Proposed Rule to address it. We nonetheless encourage the Federal Reserve to treat the two as companion actions and to provide market participants with a clear statement of its intent, the expected mechanism, and the anticipated timeline, so that the product development and commercial commitments that depend on this capability can move forward with confidence.

Stripe appreciates the Board's leadership in modernizing the U.S. payment system and stands ready to provide additional data, operational detail, or compliance documentation that would assist the Board and the Reserve Banks. We welcome the opportunity to discuss any of these points further.

Respectfully submitted,

/s/

Jonah Crane
Head of Global Regulatory and Policy Strategy